

AIR TRANSPORT

	INDUSTRY SEGMENT			PAGE
	MAJOR PASSENGER	NON-MAJOR PASSENGER	FREIGHT	
EQUITY RATE	12.0%	13.0%	9.5%	
Yield Capitalization				
CAPM - ex post - Ibbotson Rm	9.7%	8.1%	7.6%	6
CAPM - ex ante	11.6%	9.5%	8.9%	7
CAPM - ex ante Guideline Companies Smoothed Premium	14.1%	13.6%	10.9%	8
Build-Up 2-- Guideline Companies Smoothed Premium	10.1%	11.7%	9.6%	8
Build-Up Method				
Guideline Companies Smoothed Premium with ERP Adjustment	11.6%	13.4%	10.5%	9
Guideline Companies Smoothed Premium with ERP Adjustment Unlevered	10.6%	12.3%	9.5%	9b
Dividend Growth Models				
Value Line, based on Dividends Growth	NMF	NMF	8.2%	10
Value Line, based on Earnings Growth	NMF	NMF	14.5%	11

	INDUSTRY SEGMENT			
	MAJOR PASSENGER	NON-MAJOR PASSENGER	FREIGHT	
DEBT RATE	9.8%	9.8%	4.2%	12

MAJOR PASSENGER

Equity	30%	x	12.0%	=	3.6%
Operating Leases	20%	x	9.8%	=	2.0%
Debt	50%	x	9.8%	=	4.9%
Subtotal Financing portion of structure					6.9%
Marginal Tax Rate	38%	=	(1-.38)	x	6.9%
					<u>4.3%</u>

WEIGHTED AVERAGE COST OF CAPITAL

7.9%

NON-MAJOR PASSENGER

Equity	27%	x	13.0%	=	3.5%
Operating Leases	27%	x	9.8%	=	2.6%
Debt	46%	x	9.8%	=	4.5%
Subtotal Financing portion of structure					7.2%
Marginal Tax Rate	38%	=	(1-.38)	x	7.2%
					<u>4.4%</u>

WEIGHTED AVERAGE COST OF CAPITAL

7.9%

FREIGHT

Equity	85%	x	9.5%	=	8.1%
Operating Leases	5%	x	4.2%	=	0.2%
Debt	10%	x	4.2%	=	0.4%
Subtotal Financing portion of structure					0.6%
Marginal Tax Rate	38%	=	(1-.38)	x	0.6%
					<u>0.4%</u>

WEIGHTED AVERAGE COST OF CAPITAL

8.5%

SUPPORT FOR GUIDELINE COMPANIES

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

INDUSTRY OVERALL

	Company	Ticker	Beta	P/E Ratio	Div'd Yield	Gross Revenues (Millions)	5 yr Average EBITDA	Total Debt & Op Leases & Equity (Millions)	Balance Sheet-Total Assets (Millions)	Number of Employees	Number of Aircraft
NM	Alaska Air Group Inc	ALK	1.15	8.2	NIL	4,319	461	4,220	5,195	12,806	165
F	Atlas Air Worldwide	AAWW	1.60	10.6	NIL	1,398	171	2,209	2,391	1,716	37
M	Delta Air Lines	DAL	1.40	5.4	NIL	35,123	730	23,149	43,499	78,400	775
F	FedEx Corporation	FDX	1.00	13.4	0.6%	38,993	3,973	28,389	27,838	261,000	692
NM	Hawaiian Holdings	HA	1.10	5.7	NIL	1,650	118	1,038	1,488	4,314	37
NM	JetBlue Airways	JBLU	1.25	11.0	NIL	4,457	457	5,110	7,071	12,094	169
NM	Republic Airways Holdings, Inc.	RJET	0.90	NMF	NIL	2,662	319	3,411	3,902	9,850	275
NM	Sky West	SKYW	1.10	11.0	1.3%	3,570	439	4,629	4,282	18,418	732
M	Southwest Airlines Co.	LUV	1.00	13.2	0.2%	15,667	1,259	13,406	18,068	45,392	698
M	United Continental Holdings, Inc.	UAL	1.65	4.5	NIL	37,088	930	24,756	37,988	87,000	1,256
F	United Parcel Svc	UPS	0.85	16.1	3.0%	53,123	6,119	79,864	34,701	398,000	523
M	US Airways	LCC	1.65	3.7	NIL	13,066	238	8,516	8,335	31,500	433
Mean			1.22	9.3	1.3%	17,593	1,268	16,558	16,230	80,041	483

MAJOR PASSENGER

	Company	Ticker	Beta	P/E Ratio	Div'd Yield	Gross Revenues (Millions)	5 yr Average EBITDA	Total Debt & Op Leases & Equity (Millions)	Balance Sheet-Total Assets (Millions)	Number of Employees	Number of Aircraft
M	Delta Air Lines	DAL	1.40	5.4	NIL	35,123	730	23,149	43,499	78,400	775
M	Southwest Airlines Co.	LUV	1.00	13.2	0.2%	15,667	1,259	13,406	18,068	45,392	698
M	United Continental Holdings, Inc.	UAL	1.65	4.5	NIL	37,088	930	24,756	37,988	87,000	1,256
M	US Airways	LCC	1.65	3.7	NIL	13,066	238	8,516	8,335	31,500	433
Mean			1.43	6.70	0.2%	25,236	789	17,457	26,973	60,573	791

NON-MAJOR PASSENGER

	Company	Ticker	Beta	P/E Ratio	Div'd Yield	Gross Revenues (Millions)	5 yr Average EBITDA	Total Debt & Op Leases & Equity (Millions)	Balance Sheet-Total Assets (Millions)	Number of Employees	Number of Aircraft
NM	Alaska Air Group Inc	ALK	1.15	8.2	NIL	4,319	461	4,220	5,195	12,806	165
NM	Hawaiian Holdings	HA	1.10	5.7	NIL	1,650	118	1,038	1,488	4,314	37
NM	JetBlue Airways	JBLU	1.25	11.0	NIL	4,457	457	5,110	7,071	12,094	169
NM	Republic Airways Holdings, Inc.	RJET	0.90	NMF	NIL	2,662	319	3,411	3,902	9,850	275
NM	Sky West	SKYW	1.10	11.0	1.3%	3,570	439	4,629	4,282	18,418	732
Mean			1.10	8.98	1.3%	3,332	359	3,682	4,387	11,496	276

FREIGHT

	Company	Ticker	Beta	P/E Ratio	Div'd Yield	Gross Revenues (Millions)	5 yr Average EBITDA	Total Debt & Op Leases & Equity (Millions)	Balance Sheet-Total Assets (Millions)	Number of Employees	Number of Aircraft
F	Atlas Air Worldwide	AAWW	1.60	10.6	NIL	1,398	171	2,209	2,391	1,716	37
F	FedEx Corporation	FDX	1.00	13.4	0.6%	38,993	3,973	28,389	27,838	261,000	692
F	United Parcel Svc	UPS	0.85	16.1	3.0%	53,123	6,119	79,864	34,701	398,000	523
Mean			1.15	13.37	1.8%	31,171	3,421	36,821	21,643	220,239	417

SUPPORT FOR CAPITAL STRUCTURE

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

INDUSTRY OVERALL

	Company	Ticker	Stock Average	Common Shares*	Common Stock	%	Preferred Stock	%	Long Term Debt	%	Operating Leases	%	Total Debt & Op Leases & Equity
NM	Alaska Air Group Inc	ALK	65.81	35,474,775	2,334,713,192	55.3%	-	0.0%	1,380,200,000	32.7%	505,100,000	12.0%	4,220,013,192
F	Atlas Air Worldwide	AAWW	37.40	26,304,764	983,885,856	44.5%	-	0.0%	807,673,000	36.6%	417,500,000	18.9%	2,209,058,856
M	Delta Air Lines	DAL	8.04	845,519,629	6,800,796,216	29.4%	-	0.0%	13,600,000,000	58.7%	2,748,700,000	11.9%	23,149,496,216
F	FedEx Corporation	FDX	78.78	314,484,094	24,773,484,505	87.3%	-	0.0%	2,040,000,000	7.2%	1,576,000,000	5.6%	28,389,484,505
NM	Hawaiian Holdings	HA	5.45	50,729,573	276,222,525	26.6%	-	0.0%	445,635,000	42.9%	316,100,000	30.5%	1,037,957,525
NM	JetBlue Airways	JBLU	4.30	297,160,580	1,278,781,029	25.0%	-	0.0%	3,035,000,000	59.4%	796,500,000	15.6%	5,110,281,029
NM	Republic Airways Holdings, Inc.	RJET	3.39	48,327,348	163,749,164	4.8%	-	0.0%	2,262,400,000	66.3%	984,600,000	28.9%	3,410,749,164
NM	Sky West	SKYW	12.41	50,980,267	632,665,113	13.7%	-	0.0%	1,952,500,000	42.2%	2,043,600,000	44.2%	4,628,765,113
M	Southwest Airlines Co.	LUV	8.21	772,906,217	6,345,560,042	47.3%	-	0.0%	3,765,000,000	28.1%	3,295,600,000	24.6%	13,406,160,042
M	United Continental Holdings, Inc.	UAL	18.74	330,849,396	6,198,463,434	25.0%	-	0.0%	13,045,000,000	52.7%	5,512,200,000	22.3%	24,755,663,434
F	United Parcel Svc	UPS	69.29	964,988,627	66,867,278,594	83.7%	-	0.0%	12,195,000,000	15.3%	801,700,000	1.0%	79,863,978,594
M	US Airways	LCC	5.29	162,112,185	857,843,646	10.1%	-	0.0%	4,230,000,000	49.7%	3,428,100,000	40.3%	8,515,943,646
				Mean		37.7%		0.0%		41.0%		21.3%	
				Weighted Mean	117,513,443,316	59.1%	-	0.0%	58,758,408,000	29.6%	22,470,600,000	11.3%	198,697,551,316
				Median		28.0%		0.0%		42.6%		20.6%	

MAJOR PASSENGER

	Company	Ticker	Stock Average	Common Shares	Common Stock	%	Preferred Stock	%	Long Term Debt	%	Operating Leases	%	Total Debt & Op Leases & Equity
M	Delta Air Lines	DAL	8.04	845,519,629	6,800,796,216	29.4%	-	0.0%	13,600,000,000	58.7%	2,748,700,000	11.9%	23,149,496,216
M	Southwest Airlines Co.	LUV	8.21	772,906,217	6,345,560,042	47.3%	-	0.0%	3,765,000,000	28.1%	3,295,600,000	24.6%	13,406,160,042
M	United Continental Holdings, Inc.	UAL	18.74	330,849,396	6,198,463,434	25.0%	-	0.0%	13,045,000,000	52.7%	5,512,200,000	22.3%	24,755,663,434
M	US Airways	LCC	5.29	162,112,185	857,843,646	10.1%	-	0.0%	4,230,000,000	49.7%	3,428,100,000	40.3%	8,515,943,646
				Mean:		28.0%		0.0%		47.3%		24.7%	
				Weighted Mean:	20,202,663,337	28.9%	-	0.0%	34,640,000,000	49.6%	14,984,600,000	21.5%	69,827,263,337
				Median:		27.2%		0.0%		51.2%		23.4%	
Estimated Capital Structure						30.0%		0.0%		50.0%		20.0%	

NON-MAJOR PASSENGER

	Company	Ticker	Stock Average	Common Shares*	Common Stock	%	Preferred Stock	%	Long Term Debt	%	Operating Leases	%	Total Debt & Op Leases & Equity
NM	Alaska Air Group Inc	ALK	65.81	35,474,775	2,334,713,192	55.3%	-	0.0%	1,380,200,000	32.7%	505,100,000	12.0%	4,220,013,192
NM	Hawaiian Holdings	HA	5.45	50,729,573	276,222,525	26.6%	-	0.0%	445,635,000	42.9%	316,100,000	30.5%	1,037,957,525
NM	JetBlue Airways	JBLU	4.30	297,160,580	1,278,781,029	25.0%	-	0.0%	3,035,000,000	59.4%	796,500,000	15.6%	5,110,281,029
NM	Republic Airways Holdings, Inc.	RJET	3.39	48,327,348	163,749,164	4.8%	-	0.0%	2,262,400,000	66.3%	984,600,000	28.9%	3,410,749,164
NM	Sky West	SKYW	12.41	50,980,267	632,665,113	13.7%	-	0.0%	1,952,500,000	42.2%	2,043,600,000	44.2%	4,628,765,113
				Mean:		25.1%		0.0%		48.7%		26.2%	
				Weighted Mean:	4,686,131,024	25.5%	-	0.0%	9,075,735,000	49.3%	4,645,900,000	25.2%	18,407,766,024
				Median:		25.0%		0.0%		42.9%		28.9%	
Estimated Capital Structure						27.0%		0.0%		46.0%		27.0%	

FREIGHT

	Company	Ticker	Stock Average	Common Shares	Common Stock	%	Preferred Stock	%	Long Term Debt	%	Operating Leases	%	Total Debt & Op Leases & Equity
F	Atlas Air Worldwide	AAWW	37.40	26,304,764	983,885,856	44.5%	-	0.0%	807,673,000	36.6%	417,500,000	18.9%	2,209,058,856
F	FedEx Corporation	FDX	78.78	314,484,094	24,773,484,505	87.3%	-	0.0%	2,040,000,000	7.2%	1,576,000,000	5.6%	28,389,484,505
F	United Parcel Svc	UPS	69.29	964,988,627	66,867,278,594	83.7%	-	0.0%	12,195,000,000	15.3%	801,700,000	1.0%	79,863,978,594
				Mean:		71.8%		0.0%		19.7%		8.5%	
				Weighted Mean:	92,624,648,955	83.9%	-	0.0%	15,042,673,000	13.6%	2,795,200,000	2.5%	110,462,521,955
				Median:		83.7%		0.0%		15.3%		5.6%	
Estimated Capital Structure						85.0%		0.0%		10.0%		5.0%	

*Alaska Air Group Inc Common Shares used are from 10K not Value Line.

SUPPORT FOR MARKET MULTIPLES

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

INDUSTRY OVERALL

	Company	Ticker	Stock Avg	Revenues	Multiple	Cash Flow	Multiple	Earnings	Multiple	Divds Decl'd	Multiple	Book Value	Multiple
NM	Alaska Air Group Inc	ALK	65.81	60.80	1.08	7.55	8.7	3.92	16.8	NIL	NMF	16.45	4.0
F	Atlas Air Worldwide	AAWW	37.40	53.15	0.70	5.15	7.3	3.64	10.3	NIL	NMF	43.24	0.9
M	Delta Air Lines	DAL	8.04	41.54	0.19	3.21	2.5	1.41	5.7	NIL	NMF	NMF	NMF
F	FedEx Corporation	FDX	78.78	123.99	0.64	11.13	7.1	4.90	16.1	0.52	151.5	48.01	1.6
NM	Hawaiian Holdings	HA	5.45	32.53	0.17	2.16	2.5	0.85	6.4	NIL	NMF	4.39	1.2
NM	JetBlue Airways	JBLU	4.30	15.00	0.29	1.05	4.1	0.28	15.4	NIL	NMF	5.85	0.7
NM	Republic Airways Holdings, Inc.	RJET	3.39	55.09	0.06	4.20	0.8	0.18	18.8	NIL	NMF	12.66	0.3
NM	Sky West	SKYW	12.41	70.02	0.18	4.35	2.9	(0.52)	NMF	0.16	77.6	28.15	0.4
M	Southwest Airlines Co.	LUV	8.21	20.27	0.41	1.35	6.1	0.42	19.5	0.02	410.5	8.90	0.9
M	United Continental Holdings, Inc.	UAL	18.74	112.10	0.17	8.65	2.2	3.49	5.4	NIL	NMF	6.15	3.0
F	United Parcel Svc	UPS	69.29	55.05	1.26	6.20	11.2	4.25	16.3	2.28	30.4	7.35	9.4
M	US Airways	LCC	5.29	80.60	0.07	1.90	2.8	0.44	12.0	NIL	NMF	0.95	5.6
Mean					0.4		4.8		13.0		167.5		2.6
Median					0.2		3.5		15.4		114.5		1.2

MAJOR PASSENGER

	Company	Ticker	Stock Avg	Revenues	Multiple	Cash Flow	Multiple	Earnings	Multiple	Divds Decl'd	Multiple	Book Value	Multiple
M	Delta Air Lines	DAL	8.04	41.54	0.19	3.21	2.5	1.41	5.7	NIL	NMF	NMF	NMF
M	Southwest Airlines Co.	LUV	8.21	20.27	0.41	1.35	6.1	0.42	19.5	0.02	410.50	8.90	0.9
M	United Continental Holdings, Inc.	UAL	18.74	112.10	0.17	8.65	2.2	3.49	5.4	NIL	NMF	6.15	3.0
M	US Airways	LCC	5.29	80.60	0.07	1.90	2.8	0.44	12.0	NIL	NMF	0.95	5.6
Mean					0.2		3.4		10.7		410.5		3.2
Weighted Mean			40.3	254.5	0.2	15.1	2.7	5.8	7.0	0.02	410.5	16.0	2.0
Median					0.2		2.6		8.9		410.5		3.0
Standard Deviation					0.1		1.8		6.7		NMF		2.3
Coefficient of Variation					0.7		0.5		0.6		NMF		0.7
Estimated					0.2		2.7		7.5		NMF		3.0

NON-MAJOR PASSENGER

	Company	Ticker	Stock Avg	Revenues	Multiple	Cash Flow	Multiple	Earnings	Multiple	Divds Decl'd	Multiple	Book Value	Multiple
NM	Alaska Air Group Inc	ALK	65.81	60.80	1.08	7.55	8.7	3.92	16.8	NIL	NMF	16.45	4.0
NM	Hawaiian Holdings	HA	5.45	32.53	0.17	2.16	2.5	0.85	6.4	NIL	NMF	4.39	1.2
NM	JetBlue Airways	JBLU	4.30	15.00	0.29	1.05	4.1	0.28	15.4	NIL	NMF	5.85	0.7
NM	Republic Airways Holdings, Inc.	RJET	3.39	55.09	0.06	4.20	0.8	0.18	18.8	NIL	NMF	12.66	0.3
NM	Sky West	SKYW	12.41	70.02	0.18	4.35	2.9	(0.52)	NMF	0.16	77.56	28.15	0.4
Mean					0.4		3.8		14.3		77.6		1.3
Weighted Mean			91.4	233.4	0.4	19.3	4.7	5.2	15.1	0.16	77.6	67.5	1.4
Median					0.2		2.9		16.1		77.6		0.7
Standard Deviation					0.4		3.0		5.5		NMF		1.5
Coefficient of Variation					1.2		0.8		0.4		NMF		1.1
Estimated					0.3		3.0		15.5		NMF		1.0

FREIGHT

	Company	Ticker	Stock Avg	Revenues	Multiple	Cash Flow	Multiple	Earnings	Multiple	Divds Decl'd	Multiple	Book Value	Multiple
F	Atlas Air Worldwide	AAWW	37.40	53.15	0.70	5.15	7.3	3.64	10.3	NIL	NMF	43.24	0.9
F	FedEx Corporation	FDX	78.78	123.99	0.64	11.13	7.1	4.90	16.1	0.52	151.49	48.01	1.6
F	United Parcel Svc	UPS	69.29	55.05	1.26	6.20	11.2	4.25	16.3	2.28	30.39	7.35	9.4
Mean					0.9		8.5		14.2		90.9		4.0
Weighted Mean			185.5	232.2	0.8	22.5	8.3	12.8	14.5	2.80	52.9	98.6	1.9
Median					0.7		7.3		16.1		90.9		1.6
Standard Deviation					0.3		2.3		3.4		85.6		4.7
Coefficient of Variation					0.4		0.3		0.2		0.9		1.2
Estimated					0.8		8.3		16.0		NMF		1.9

Note: Average Stock Price = 4th 1/4 High/Low common stock price averages.

BETA CALCULATION FOR CAPM

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

INDUSTRY OVERALL

	Company	Ticker	Value Line
NM	Alaska Air Group Inc	ALK	1.15
F	Atlas Air Worldwide	AAWW	1.60
M	Delta Air Lines	DAL	1.40
F	FedEx Corporation	FDX	1.00
NM	Hawaiian Holdings	HA	1.10
NM	JetBlue Airways	JBLU	1.25
NM	Republic Airways Holdings, Inc.	RJET	0.90
NM	Sky West	SKYW	1.10
M	Southwest Airlines Co.	LUV	1.00
M	United Continental Holdings, Inc.	UAL	1.65
F	United Parcel Svc	UPS	0.85
M	US Airways	LCC	1.65
Mean			1.22
Median			1.13

MAJOR PASSENGER

	Company	Ticker	Value Line
M	Delta Air Lines	DAL	1.40
M	Southwest Airlines Co.	LUV	1.00
M	United Continental Holdings, Inc.	UAL	1.65
M	US Airways	LCC	1.65
Mean			1.43
Median			1.53
Min			1.00
Max			1.65
Estimated			1.45

NON-MAJOR PASSENGER

	Company	Ticker	Value Line
NM	Alaska Air Group Inc	ALK	1.15
NM	Hawaiian Holdings	HA	1.10
NM	JetBlue Airways	JBLU	1.25
NM	Republic Airways Holdings, Inc.	RJET	0.90
NM	Sky West	SKYW	1.10
Mean			1.10
Median			1.10
Min			0.90
Max			1.25
Estimated			1.10

FREIGHT

	Company	Ticker	Value Line
F	Atlas Air Worldwide	AAWW	1.60
F	FedEx Corporation	FDX	1.00
F	United Parcel Svc	UPS	0.85
Mean			1.15
Median			1.00
Min			0.85
Max			1.60
Estimated			1.00

SUPPORT FOR EQUITY RATE - YIELD CAPITALIZATION CAPITAL ASSET PRICING MODEL

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

$$\text{Ex Post} \\ K_e = R_f + B (R_m - R_f)$$

Ke = Cost of Equity

		INDUSTRY SEGMENT			
		MAJOR PASSENGER	NON-MAJOR PASSENGER	FREIGHT	
Rf = risk free rate	2.90%				
Rp = risk premium	4.7%				
B = Beta		1.45	1.10	1.00	page 5
Ke =		9.7%	8.1%	7.6%	to page 1

Rp = Risk Premium (Rm-Rf) 4.7%

to above

Ibbotson SBBI, Risk Premia Over Time Report 2012, page 6

Ibbotson, SBBI, Large Co. Stocks, Total Return

9.8% Rm

Ibbotson SBBI, Risk Premia Over Time Report 2012, page 6

Ibbotson, SBBI, Long Term Government Bond, Income Return

5.1% Historical Rf

Rf = Risk Free Rate 2.90%

to above

Ibbotson SBBI, Risk Premia Over Time Report 2012, page 7

Long Term (20 years) US Treasury Bond Yield 2.48%

Value Line Investment Survey, Selected Yields January 6, 2012, page 1821

US Treasury Securities year end data

5 year	0.91%
10 year	1.92%
30 year	2.92%
30 year Zero	3.02%

Federal Reserve Statistical Release (<http://www.federalreserve.gov/Releases/H15/Current/>)

Treasury Constant Maturities

5 year	0.83%
10 year	1.89%
20 year	2.57%
20 year TIPS	0.53%
	2.04%
30 year	2.89%
30 year TIPS	0.78%
	2.11%

Inflation 2.2%

Value Line Investment Survey, Economic Series January 6, 2012, page 1300

Consumer Price Index Annual Rate of Change 2014-16 2.2%

The Livingston Survey December 8, 2011 page 3

Inflation average (measured by the Consumer Price Index) over next 10 years 2.5%

SUPPORT FOR EQUITY RATE - YIELD CAPITALIZATION

CAPITAL ASSET PRICING MODEL

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

$$\text{Ex Ante}$$

$$K_e = R_f + B (R_p)$$

Ke = Cost of Equity

	INDUSTRY SEGMENT			
	MAJOR PASSENGER	NON-MAJOR PASSENGER	FREIGHT	
Rm = rate of return	8.90%			
Rf = risk free rate	2.90%			
Rp = risk premium	6.00%			
B = Beta				
	1.45	1.10	1.00	page 5
Ke =	11.6%	9.5%	8.9%	to page 1

Rp = Risk Premium

6.00%

to above

Shannon Pratt and Roger Grabowski	3.5 - 6%	
Cost of Capital, Applications and Examples, Third Edition, 2008, Page 113		
Dr. Aswath Damodaran	6.04%	
http://pages.stern.nyu.edu/~adamodar/ 2012 Implied Premium		
Ibbotson	6.14%	
2012 Risk Premia Over Time Report, Page 7 Long-horizon expected ERP (supply side)		
John Graham and Campbell Harvey	3.85%	December 2011
The Duke/CFO Business Outlook Survey	3.30%	10 year average
	3.20%	10 year median
	2.39 - 4.74%	10 year average range

Rf = Risk Free Rate

2.90%

to above

Ibbotson SBBI, Risk Premia Over Time Report 2012, page 7

Long Term (20 years) US Treasury Bond Yield	2.48%
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Value Line Investment Survey, Selected Yields January 6, 2012, page 1821

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Inflation

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Value Line Investment Survey, Economic Series January 6, 2012, page 1300

Consumer Price Index Annual Rate of Change 2014-16	2.2%
The Livingston Survey December 8, 2011 page 3	
Inflation average (measured by the Consumer Price Index) over next 10 years	2.5%

SUPPORT FOR EQUITY RATE - YIELD CAPITALIZATION CAPITAL ASSET PRICING MODEL-SIZE AND INDUSTRY PREMIUMS

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

INDUSTRY OVERALL

	Company	Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8
NM	Alaska Air Group Inc	ALK	2,664	3.60%	1,167	3.80%	121	4.07%	4,044	3.43%	5,195	3.38%	461	3.90%	4,319	3.71%	12,806	3.60%
F	Atlas Air Worldwide	AAWW	1,011	4.78%	1,138	3.82%	102	4.22%	1,819	4.33%	2,391	4.05%	171	4.76%	1,398	4.52%	1,716	5.16%
M	Delta Air Lines	DAL	6,840	2.45%	(1,396)	NMF	(1,420)	NMF	20,440	1.61%	43,499	1.51%	730	3.50%	35,123	2.23%	78,400	2.19%
F	FedEx Corporation	FDX	26,263	0.81%	15,714	1.70%	1,122	2.13%	28,303	1.24%	27,838	1.91%	3,973	2.02%	38,993	2.15%	261,000	1.26%
NM	Hawaiian Holdings	HA	294	6.29%	223	5.14%	53	4.79%	740	5.34%	1,488	4.47%	118	5.08%	1,650	4.40%	4,314	4.44%
NM	JetBlue Airways	JBLU	1,545	4.27%	1,654	3.52%	34	5.17%	4,580	3.29%	7,071	3.11%	457	3.90%	4,457	3.69%	12,094	3.64%
NM	Republic Airways Holdings, Inc.	RJET	166	6.99%	461	4.55%	8	6.42%	2,428	4.00%	3,902	3.63%	319	4.22%	2,662	4.06%	9,850	3.80%
NM	Sky West	SKYW	642	5.34%	1,334	3.69%	85	4.38%	2,594	3.93%	4,282	3.54%	439	3.94%	3,570	3.85%	18,418	3.32%
M	Southwest Airlines Co.	LUV	6,616	2.49%	6,877	2.37%	312	3.25%	10,381	2.37%	18,068	2.28%	1,259	3.02%	15,667	2.80%	45,392	2.62%
M	United Continental Holdings, Inc.	UAL	6,243	2.56%	1,806	3.45%	(919)	NMF	19,288	1.68%	37,988	1.63%	930	3.28%	37,088	2.19%	87,000	2.11%
F	United Parcel Svc	UPS	70,628	-0.40%	7,035	2.35%	2,566	1.41%	82,823	0.04%	34,701	1.71%	6,119	1.64%	53,123	1.93%	398,000	0.93%
M	US Airways	LCC	822	5.04%	150	5.46%	(285)	NMF	5,052	3.18%	8,335	2.96%	238	4.47%	13,066	2.93%	31,500	2.90%
Mean				3.94%		3.62%		3.98%		3.01%		2.85%		3.64%		3.20%		3.00%
Median				4.52%		3.69%		4.22%		3.24%		3.03%		3.90%		3.31%		3.11%

MAJOR PASSENGER

	Company	Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
M	Delta Air Lines	DAL	6,840	2.45%	(1,396)	NMF	(1,420)	NMF	20,440	1.61%	43,499	1.51%	730	3.50%	35,123	2.23%	78,400	2.19%	2.25%	2.21%	
M	Southwest Airlines Co.	LUV	6,616	2.49%	6,877	2.37%	312	3.25%	10,381	2.37%	18,068	2.28%	1,259	3.02%	15,667	2.80%	45,392	2.62%	2.65%	2.55%	
M	United Continental Holdings, Inc.	UAL	6,243	2.56%	1,806	3.45%	(919)	NMF	19,288	1.68%	37,988	1.63%	930	3.28%	37,088	2.19%	87,000	2.11%	2.41%	2.19%	
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Mean				3.13%		3.76%		3.25%		2.21%		2.10%		3.57%		2.54%		2.45%	2.79%	2.53%	
Median				2.53%		3.45%		3.25%		2.02%		1.96%		3.39%		2.51%		2.40%	2.53%	2.38%	
Estimated regression smoothed size premium				2.50%		3.50%		NMF		2.00%		2.00%		3.40%		2.50%		2.40%	2.61%	2.50%	2.50%
add: Rf + B (ERP)				11.60%		11.60%		11.60%		11.60%		11.60%		11.60%		11.60%		11.60%			
Ke				14.10%		15.10%		NMF		13.60%		13.60%		15.00%		14.10%		14.00%	14.21%	14.10%	14.10%
Build-Up 2--Estimated regression smoothed size premium				2.50%		3.50%		NMF		2.00%		2.00%		3.40%		2.50%		2.40%	2.61%	2.50%	2.50%
add: Rf + ERP + adjusted IRP				7.65%		7.65%		7.65%		7.65%		7.65%		7.65%		7.65%		7.65%			
Ke				10.15%		11.15%		NMF		9.65%		9.65%		11.05%		10.15%		10.05%	10.26%	10.15%	10.15%

NON-MAJOR PASSENGER

	Company	Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
NM	Alaska Air Group Inc	ALK	2,664	3.60%	1,167	3.80%	121	4.07%	4,044	3.43%	5,195	3.38%	461	3.90%	4,319	3.71%	12,806	3.60%	3.69%	3.66%	
NM	Hawaiian Holdings	HA	294	6.29%	223	5.14%	53	4.79%	740	5.34%	1,488	4.47%	118	5.08%	1,650	4.40%	4,314	4.44%	4.99%	4.94%	
NM	JetBlue Airways	JBLU	1,545	4.27%	1,654	3.52%	34	5.17%	4,580	3.29%	7,071	3.11%	457	3.90%	4,457	3.69%	12,094	3.64%	3.82%	3.67%	
NM	Republic Airways Holdings, Inc.	RJET	166	6.99%	461	4.55%	8	6.42%	2,428	4.00%	3,902	3.63%	319	4.22%	2,662	4.06%	9,850	3.80%	4.71%	4.14%	
NM	Sky West	SKYW	642	5.34%	1,334	3.69%	85	4.38%	2,594	3.93%	4,282	3.54%	439	3.94%	3,570	3.85%	18,418	3.32%	4.00%	3.89%	
Mean				5.30%		4.14%		4.97%		4.00%		3.62%		4.21%		3.94%		3.76%	4.24%	4.06%	
Median				5.34%		3.80%		4.79%		3.93%		3.54%		3.94%		3.85%		3.64%	4.00%	3.89%	
Estimated regression smoothed size premium				5.30%		4.00%		4.90%		4.00%		3.60%		4.00%		3.90%		3.70%	4.18%	4.00%	4.10%
add: Rf + B (ERP)				9.50%		9.50%		9.50%		9.50%		9.50%		9.50%		9.50%		9.50%			
Ke				14.80%		13.50%		14.40%		13.50%		13.10%		13.50%		13.40%		13.20%	13.68%	13.50%	13.60%
Build-Up 2--Estimated regression smoothed size premium				5.30%		4.00%		4.90%		4.00%		3.60%		4.00%		3.90%		3.70%	4.18%	4.00%	4.10%
add: Rf + ERP + adjusted IRP				7.65%		7.65%		7.65%		7.65%		7.65%		7.65%		7.65%		7.65%			
Ke				12.95%		11.65%		12.55%		11.65%		11.25%		11.65%		11.55%		11.35%	11.82%	11.65%	11.75%

FREIGHT

	Company	Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
F	Atlas Air Worldwide	AAWW	1,011	4.78%	1,138	3.82%	102	4.22%	1,819	4.33%	2,391	4.05%	171	4.76%	1,398	4.52%	1,716	5.16%	4.45%	4.42%	
F	FedEx Corporation	FDX	26,263	0.81%	15,714	1.70%	1,122	2.13%	28,303	1.24%	27,838	1.91%	3,973	2.02%	38,993	2.15%	261,000	1.26%	1.65%	1.80%	
F	United Parcel Svc	UPS	70,628	-0.40%	7,035	2.35%	2,566	1.41%	82,823	0.04%	34,701	1.71%	6,119	1.64%	53,123	1.93%	398,000	0.93%	1.20%	1.53%	
Mean				1.73%		2.62%		2.59%		1.87%		2.56%		2.81%		2.87%		2.45%	2.44%	2.58%	
Median				0.81%		2.35%		2.13%		1.24%		1.91%		2.02%		2.15%		1.26%	1.65%	1.80%	
Estimated regression smoothed size premium				NMF		2.30%		2.20%		1.30%		2.00%		2.00%		2.20%		2.00%	2.00%	2.00%	2.00%
add: Rf + B (Rp)				8.90%		8.90%		8.90%		8.90%		8.90%		8.90%		8.90%		8.90%			
Ke				NMF		11.20%		11.10%		10.20%		10.90%		10.90%		11.10%		10.90%	10.90%	10.90%	10.90%
Build-Up 2--Estimated regression smoothed size premium				NMF		2.30%		2.20%		1.30%		2.00%		2.00%		2.20%		2.00%	2.00%	2.00%	2.00%
add: Rf + ERP + adjusted IRP				7.65%		7.65%		7.65%		7.65%		7.65%		7.65%		7.65%		7.65%			
Ke				NMF		9.95%		9.85%		8.95%		9.65%		9.65%		9.85%		9.65%	9.65%	9.65%	9.65%

SBBI IRP adjustment to Risk Premium data

Sic code 4512	IRP	SBBI ERP	FI-beta	ex-ante ERP	New IRP
2011 year end	-1.40%	6.70%	0.79104	6%	-1.25%

Source: Value Line, 10-K's, yahoo, Duff & Phelps Risk Premium Report 2012 Exhibit B, Ibbotson 2012 SBBI Valuation Yearbook

*Alaska Air Group Inc Shares used in Market Value Equity are from 10K not Value Line.

SUPPORT FOR EQUITY RATE - YIELD CAPITALIZATION
BUILD-UP METHOD

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

INDUSTRY OVERALL

Company		Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8
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M	Delta Air Lines	DAL	6,840	6.97%	(1,396)	NMF	(1,420)	NMF	20,440	5.79%	43,499	5.29%	730	7.98%	35,123	6.33%	78,400	6.72%
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M	Southwest Airlines Co.	LUV	6,616	7.02%	6,877	6.53%	312	7.67%	10,381	6.79%	18,068	6.38%	1,259	7.30%	15,667	7.11%	45,392	7.22%
M	United Continental Holdings, Inc.	UAL	6,243	7.11%	1,806	8.09%	(919)	NMF	19,288	5.88%	37,988	5.46%	930	7.68%	37,088	6.27%	87,000	6.62%
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M	US Airways	LCC	822	10.21%	150	11.01%	(285)	NMF	5,052	7.85%	8,335	7.35%	238	9.38%	13,066	7.29%	31,500	7.56%
			Mean	8.62%		8.35%		8.70%		7.63%		7.19%		8.20%		7.67%		7.68%
			Median	9.25%		8.45%		9.03%		7.93%		7.45%		8.56%		7.82%		7.81%

MAJOR PASSENGER

Company		Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
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			Mean	7.83%		8.54%		7.67%		6.58%		6.12%		8.09%		6.75%		7.03%	7.23%	7.02%	
			Median	7.06%		8.09%		7.67%		6.34%		5.92%		7.83%		6.72%		6.97%	6.87%	6.84%	
Regression Smoothed Premium Estimated RPM+s				7.00%		8.00%		NMF		6.40%		6.00%		7.90%		6.75%		7.00%	7.01%	7.00%	7.00%
add: Rf + adjustment for ERP				4.60%		4.60%		4.60%		4.60%		4.60%		4.60%		4.60%		4.60%			
Ke				11.60%		12.60%		NMF		11.00%		10.60%		12.50%		11.35%		11.60%	11.61%	11.60%	11.60%

NON-MAJOR PASSENGER

Company		Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
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			Mean	10.54%		9.10%		10.08%		8.93%		8.29%		9.00%		8.69%		8.58%	9.15%	8.88%	
			Median	10.59%		8.60%		9.83%		8.84%		8.18%		8.62%		8.56%		8.44%	8.82%	8.59%	
Regression Smoothed Premium Estimated RPM+s				10.60%		9.00%		10.00%		8.90%		8.20%		8.80%		8.60%		8.60%	9.09%	8.85%	8.90%
add: Rf + adjustment for ERP				4.50%		4.50%		4.50%		4.50%		4.50%		4.50%		4.50%		4.50%			
Ke				15.10%		13.50%		14.50%		13.40%		12.70%		13.30%		13.10%		13.10%	13.59%	13.35%	13.40%

FREIGHT

Company		Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
F	Atlas Air Worldwide	AAWW	1,011	9.90%	1,138	8.63%	102	9.03%	1,819	9.36%	2,391	8.90%	171	9.79%	1,398	9.48%	1,716	10.25%	9.42%	9.42%	
F	FedEx Corporation	FDX	26,263	4.91%	15,714	5.56%	1,122	6.11%	28,303	5.31%	27,838	5.85%	3,973	5.87%	38,993	6.22%	261,000	5.60%	5.68%	5.72%	
F	United Parcel Svc	UPS	70,628	3.40%	7,035	6.50%	2,566	5.10%	82,823	3.73%	34,701	5.57%	6,119	5.33%	53,123	5.92%	398,000	5.21%	5.09%	5.27%	
			Mean	6.07%		6.90%		6.75%		6.14%		6.77%		7.00%		7.21%		7.02%	6.73%	6.80%	
			Median	4.91%		6.50%		6.11%		5.31%		5.85%		5.87%		6.22%		5.60%	5.68%	5.72%	
Regression Smoothed Premium Estimated RPM+s				5.00%		6.40%		6.20%		5.40%		6.00%		6.20%		6.20%		6.00%	5.89%	6.00%	6.00%
add: Rf + adjustment for ERP				4.50%		4.50%		4.50%		4.50%		4.50%		4.50%		4.50%		4.50%			
Ke				9.50%		10.90%		10.70%		9.90%		10.40%		10.50%		10.70%		10.50%	10.39%	10.50%	10.50%

Source: Value Line, 10-k's, yahoo, Duff & Phelps Risk Premium Report 2012 Exhibit A

*Alaska Air Group Inc Shares used in Market Value Equity are from 10K not Value Line.

SUPPORT FOR EQUITY RATE - YIELD CAPITALIZATION
BUILD-UP METHOD UNLEVERED

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

INDUSTRY OVERALL

Company		Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8
NM	Alaska Air Group Inc	ALK	2,664	7.38%	1,167	7.53%	121	7.77%	4,044	7.12%	5,195	6.82%	461	7.48%	4,319	7.27%	12,806	7.29%
F	Atlas Air Worldwide	AAWW	1,011	8.74%	1,138	7.55%	102	7.97%	1,819	8.23%	2,391	7.77%	171	8.65%	1,398	8.32%	1,716	9.07%
M	Delta Air Lines	DAL	6,840	6.05%	(1,396)	NMF	(1,420)	NMF	20,440	4.86%	43,499	4.23%	730	6.94%	35,123	5.32%	78,400	5.68%
F	FedEx Corporation	FDX	26,263	4.16%	15,714	4.63%	1,122	5.25%	28,303	4.41%	27,838	4.77%	3,973	4.94%	38,993	5.22%	261,000	4.61%
NM	Hawaiian Holdings	HA	294	10.48%	223	9.37%	53	8.71%	740	9.48%	1,488	8.35%	118	9.10%	1,650	8.17%	4,314	8.25%
NM	JetBlue Airways	JBLU	1,545	8.15%	1,654	7.14%	34	9.20%	4,580	6.94%	7,071	6.45%	457	7.49%	4,457	7.24%	12,094	7.34%
NM	Republic Airways Holdings, Inc.	RJET	166	11.29%	461	8.56%	8	10.82%	2,428	7.82%	3,902	7.17%	319	7.92%	2,662	7.72%	9,850	7.52%
NM	Sky West	SKYW	642	9.38%	1,334	7.38%	85	8.18%	2,594	7.73%	4,282	7.06%	439	7.54%	3,570	7.45%	18,418	6.96%
M	Southwest Airlines Co.	LUV	6,616	6.10%	6,877	5.55%	312	6.70%	10,381	5.81%	18,068	5.30%	1,259	6.29%	15,667	6.07%	45,392	6.16%
M	United Continental Holdings, Inc.	UAL	6,243	6.18%	1,806	7.04%	(919)	NMF	19,288	4.94%	37,988	4.40%	930	6.65%	37,088	5.27%	87,000	5.58%
F	United Parcel Svc	UPS	70,628	2.77%	7,035	5.53%	2,566	4.31%	82,823	2.92%	34,701	4.51%	6,119	4.42%	53,123	4.93%	398,000	4.23%
M	US Airways	LCC	822	9.03%	150	9.81%	(285)	NMF	5,052	6.81%	8,335	6.25%	238	8.27%	13,066	6.24%	31,500	6.49%
			Mean	7.57%		7.28%		7.66%		6.59%		6.09%		7.14%		6.60%		6.60%
			Median	8.15%		7.38%		7.97%		6.87%		6.35%		7.49%		6.74%		6.72%

MAJOR PASSENGER

Company		Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
M	Delta Air Lines	DAL	6,840	6.05%	(1,396)	NMF	(1,420)	NMF	20,440	4.86%	43,499	4.23%	730	6.94%	35,123	5.32%	78,400	5.68%	5.51%	5.50%	
M	Southwest Airlines Co.	LUV	6,616	6.10%	6,877	5.55%	312	6.70%	10,381	5.81%	18,068	5.30%	1,259	6.29%	15,667	6.07%	45,392	6.16%	6.00%	6.08%	
M	United Continental Holdings, Inc.	UAL	6,243	6.18%	1,806	7.04%	(919)	NMF	19,288	4.94%	37,988	4.40%	930	6.65%	37,088	5.27%	87,000	5.58%	5.72%	5.58%	
M	US Airways	LCC	822	9.03%	150	9.81%	(285)	NMF	5,052	6.81%	8,335	6.25%	238	8.27%	13,066	6.24%	31,500	6.49%	7.56%	6.81%	
			Mean	6.84%		7.47%		6.70%		5.60%		5.04%		7.04%		5.72%		5.98%	6.20%	5.99%	
			Median	6.14%		7.04%		6.70%		5.37%		4.85%		6.80%		5.69%		5.92%	5.86%	5.83%	
Regression Smoothed Premium Estimated RPM+s				6.10%		7.00%		NMF		5.50%		4.90%		6.90%		5.70%		5.90%	6.00%	5.90%	6.00%
add: Rf + adjustment for ERP				4.60%		4.60%		4.60%		4.60%		4.60%		4.60%		4.60%		4.60%			
Ke				10.70%		11.60%		NMF		10.10%		9.50%		11.50%		10.30%		10.50%	10.60%	10.50%	10.60%

NON-MAJOR PASSENGER

Company		Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
NM	Alaska Air Group Inc	ALK	2,664	7.38%	1,167	7.53%	121	7.77%	4,044	7.12%	5,195	6.82%	461	7.48%	4,319	7.27%	12,806	7.29%	7.33%	7.33%	
NM	Hawaiian Holdings	HA	294	10.48%	223	9.37%	53	8.71%	740	9.48%	1,488	8.35%	118	9.10%	1,650	8.17%	4,314	8.25%	8.99%	8.90%	
NM	JetBlue Airways	JBLU	1,545	8.15%	1,654	7.14%	34	9.20%	4,580	6.94%	7,071	6.45%	457	7.49%	4,457	7.24%	12,094	7.34%	7.49%	7.29%	
NM	Republic Airways Holdings, Inc.	RJET	166	11.29%	461	8.56%	8	10.82%	2,428	7.82%	3,902	7.17%	319	7.92%	2,662	7.72%	9,850	7.52%	8.60%	7.87%	
NM	Sky West	SKYW	642	9.38%	1,334	7.38%	85	8.18%	2,594	7.73%	4,282	7.06%	439	7.54%	3,570	7.45%	18,418	6.96%	7.71%	7.49%	
			Mean	9.33%		7.99%		8.94%		7.82%		7.17%		7.91%		7.57%		7.47%	8.03%	7.78%	
			Median	9.38%		7.53%		8.71%		7.73%		7.06%		7.54%		7.45%		7.34%	7.71%	7.49%	
Regression Smoothed Premium Estimated RPM+s				9.35%		7.70%		8.90%		7.80%		7.00%		7.70%		7.50%		7.40%	7.92%	7.70%	7.80%
add: Rf + adjustment for ERP				4.50%		4.50%		4.50%		4.50%		4.50%		4.50%		4.50%		4.50%			
Ke				13.85%		12.20%		13.40%		12.30%		11.50%		12.20%		12.00%		11.90%	12.42%	12.20%	12.30%

FREIGHT

Company		Ticker	Market Value of Equity*	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital*	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
F	Atlas Air Worldwide	AAWW	1,011	8.74%	1,138	7.55%	102	7.97%	1,819	8.23%	2,391	7.77%	171	8.65%	1,398	8.32%	1,716	9.07%	8.29%	8.27%	
F	FedEx Corporation	FDX	26,263	4.16%	15,714	4.63%	1,122	5.25%	28,303	4.41%	27,838	4.77%	3,973	4.94%	38,993	5.22%	261,000	4.61%	4.75%	4.70%	
F	United Parcel Svc	UPS	70,628	2.77%	7,035	5.53%	2,566	4.31%	82,823	2.92%	34,701	4.51%	6,119	4.42%	53,123	4.93%	398,000	4.23%	4.20%	4.37%	
			Mean	5.22%		5.90%		5.84%		5.19%		5.68%		6.00%		6.16%		5.97%	5.75%	5.78%	
			Median	4.16%		5.53%		5.25%		4.41%		4.77%		4.94%		5.22%		4.61%	4.75%	4.70%	
Regression Smoothed Premium Estimated RPM+s				4.50%		5.50%		5.50%		4.50%		5.00%		5.00%		5.50%		4.80%	5.04%	5.00%	5.00%
add: Rf + adjustment for ERP				4.50%		4.50%		4.50%		4.50%		4.50%		4.50%		4.50%		4.50%			
Ke				9.00%		10.00%		10.00%		9.00%		9.50%		9.50%		10.00%		9.30%	9.54%	9.50%	9.50%

Source: Value Line, 10-k's, yahoo, Duff & Phelps Risk Premium Report 2012 Exhibit C

*Alaska Air Group Inc Shares used in Market Value Equity are from 10K not Value Line.

SUPPORT FOR YIELD CAPITALIZATION EQUITY COMPONENT

DIVIDEND GROWTH MODEL

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

Based on Dividends Growth

$$K_e = D_1 / P_o + G$$

K_e = Cost of Equity
D₁ = Expected Dividends
P_o = Current Price
G = Sustainable Growth

INDUSTRY OVERALL

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Dividend Growth (G)	Ke
NM	Alaska Air Group Inc	ALK	65.81	NIL		NIL	NMF
F	Atlas Air Worldwide	AAWW	37.40	NIL		NIL	NMF
M	Delta Air Lines	DAL	8.04	NIL		NIL	NMF
F	FedEx Corporation	FDX	78.78	0.52	0.7%	7.0%	7.7%
NM	Hawaiian Holdings	HA	5.45	NIL		NIL	NMF
NM	JetBlue Airways	JBLU	4.30	NIL		NIL	NMF
NM	Republic Airways Holdings, Inc.	RJET	3.39	NIL		NIL	NMF
NM	Sky West	SKYW	12.41	0.16	1.3%	5.5%	6.8%
M	Southwest Airlines Co.	LUV	8.21	0.02	0.2%	0.5%	0.7%
M	United Continental Holdings, Inc.	UAL	18.74	NIL		NIL	NMF
F	United Parcel Svc	UPS	69.29	2.28	3.3%	5.5%	8.8%
M	US Airways	LCC	5.29	NIL		NIL	NMF
Median							7.2%
Mean							6.0%

MAJOR PASSENGER

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Dividend Growth (G)	Ke
M	Delta Air Lines	DAL	8.04	NIL		NIL	NMF
M	Southwest Airlines Co.	LUV	8.21	0.02	0.2%	0.5%	0.7%
M	United Continental Holdings, Inc.	UAL	18.74	NIL		NIL	NMF
M	US Airways	LCC	5.29	NIL		NIL	NMF
Median							0.7%
Mean							0.7%
Estimated							NMF

NON-MAJOR PASSENGER

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Dividend Growth (G)	Ke
NM	Alaska Air Group Inc	ALK	65.81	NIL		NIL	NMF
NM	Hawaiian Holdings	HA	5.45	NIL		NIL	NMF
NM	JetBlue Airways	JBLU	4.30	NIL		NIL	NMF
NM	Republic Airways Holdings, Inc.	RJET	3.39	NIL		NIL	NMF
NM	Sky West	SKYW	12.41	0.16	1.3%	5.5%	6.8%
Median							6.8%
Mean							6.8%
Estimated							NMF

FREIGHT

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Dividend Growth (G)	Ke
F	Atlas Air Worldwide	AAWW	37.40	NIL		NIL	NMF
F	FedEx Corporation	FDX	78.78	0.52	0.7%	7.0%	7.7%
F	United Parcel Svc	UPS	69.29	2.28	3.3%	5.5%	8.8%
Median							8.2%
Mean							8.2%
Estimated							8.2%

Note: Stock Price = 4th ¼ High / Low average

SUPPORT FOR YIELD CAPITALIZATION EQUITY COMPONENT

DIVIDEND GROWTH MODEL

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

Based on Earnings Growth

$$K_e = D_1 / P_o + G$$

K_e = Cost of Equity

D₁ = Expected Dividends

P_o = Current Price

G = Sustainable Growth

INDUSTRY OVERALL

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Earnings Growth (G)	Ke
NM	Alaska Air Group Inc	ALK	65.81	NIL		20.0%	20.0%
F	Atlas Air Worldwide	AAWW	37.40	NIL		11.5%	11.5%
M	Delta Air Lines	DAL	8.04	NIL		NMF	NMF
F	FedEx Corporation	FDX	78.78	0.52	0.7%	17.5%	18.2%
NM	Hawaiian Holdings	HA	5.45	NIL		17.5%	17.5%
NM	JetBlue Airways	JBLU	4.30	NIL		30.5%	30.5%
NM	Republic Airways Holdings, Inc.	RJET	3.39	NIL		NMF	NMF
NM	Sky West	SKYW	12.41	0.16	1.3%	12.0%	13.3%
M	Southwest Airlines Co.	LUV	8.21	0.02	0.2%	19.5%	19.7%
M	United Continental Holdings, Inc.	UAL	18.74	NIL		NMF	NMF
F	United Parcel Svc	UPS	69.29	2.28	3.3%	11.0%	14.3%
M	US Airways	LCC	5.29	NIL		NMF	NMF
						Median	17.8%
						Mean	18.1%

MAJOR PASSENGER

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Earnings Growth (G)	Ke
M	Delta Air Lines	DAL	8.04	NIL		NMF	NMF
M	Southwest Airlines Co.	LUV	8.21	0.02	0.2%	19.5%	19.7%
M	United Continental Holdings, Inc.	UAL	18.74	NIL		NMF	NMF
M	US Airways	LCC	5.29	NIL		NMF	NMF
						Median	19.7%
						Mean	19.7%
						Estimated	NMF

NON-MAJOR PASSENGER

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Earnings Growth (G)	Ke
NM	Alaska Air Group Inc	ALK	65.81	NIL		20.0%	20.0%
NM	Hawaiian Holdings	HA	5.45	NIL		17.5%	17.5%
NM	JetBlue Airways	JBLU	4.30	NIL		30.5%	30.5%
NM	Republic Airways Holdings, Inc.	RJET	3.39	NIL		NMF	NMF
NM	Sky West	SKYW	12.41	0.16	1.3%	12.0%	13.3%
						Median	18.8%
						Mean	20.3%
						Estimated	NMF

FREIGHT

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Earnings Growth (G)	Ke
F	Atlas Air Worldwide	AAWW	37.40	NIL		11.5%	11.5%
F	FedEx Corporation	FDX	78.78	0.52	0.7%	17.5%	18.2%
F	United Parcel Svc	UPS	69.29	2.28	3.3%	11.0%	14.3%
						Median	14.3%
						Mean	14.7%
						Estimated	14.5%

Note: Stock Price = 4th 1/4 High / Low average

SUPPORT FOR DEBT RATING AND DEBT YIELD RATE

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

INDUSTRY OVERALL

	Company	Ticker	Mergent's Ratings	S&P Ratings
NM	Alaska Air Group Inc	ALK	B1	BB-
F	Atlas Air Worldwide	AAWW	NRL	NRL
M	Delta Air Lines	DAL	B2	B
F	FedEx Corporation	FDX	Baa2	BBB
NM	Hawaiian Holdings	HA	NRL	NRL
NM	JetBlue Airways	JBLU	B3	B-
NM	Republic Airways Holdings, Inc.	RJET	NRL	NRL
NM	Sky West	SKYW	NRL	NRL
M	Southwest Airlines Co.	LUV	Baa3	BBB-
M	United Continental Holdings, Inc.	UAL	B2	B
F	United Parcel Svc	UPS	Aa3	AA-
M	US Airways	LCC	B2	B-
Overall Average Debt Rating			Ba2	BB

MAJOR PASSENGER

	Company	Ticker	Mergent's Ratings	S&P Ratings
M	Delta Air Lines	DAL	B2	B
M	Southwest Airlines Co.	LUV	Baa3	BBB-
M	United Continental Holdings, Inc.	UAL	B2	B
M	US Airways	LCC	B2	B-
Overall Average Debt Rating			B1	B+
DEBT YIELD RATE			9.8%	

NON-MAJOR PASSENGER

	Company	Ticker	Mergent's Ratings	S&P Ratings
NM	Alaska Air Group Inc	ALK	B1	BB-
NM	Hawaiian Holdings	HA	NRL	NRL
NM	JetBlue Airways	JBLU	B3	B-
NM	Republic Airways Holdings, Inc.	RJET	NRL	NRL
NM	Sky West	SKYW	NRL	NRL
Overall Average Debt Rating			B2	B
DEBT YIELD RATE			9.8%	

FREIGHT

	Company	Ticker	Mergent's Ratings	S&P Ratings
F	Atlas Air Worldwide	AAWW	NRL	NRL
F	FedEx Corporation	FDX	Baa2	BBB
F	United Parcel Svc	UPS	Aa3	AA-
Overall Average Debt Rating			A3	A-
DEBT YIELD RATE			4.2%	

Mergent's Bond Record*

Corporate		Aaa	Aa	A	Baa	Ba	B
	October	3.98%	4.16%	4.54%	5.37%	7.18%	11.14%
	November	3.87%	3.97%	4.34%	5.14%	6.87%	10.61%
	December	3.93%	4.03%	4.40%	5.25%	7.20%	11.69%
Average		3.93%	4.05%	4.43%	5.25%	7.09%	11.15%
Public Utilities		Aaa	Aa	A	Baa	Ba	B
	October		4.21%	4.52%	5.24%	6.91%	10.80%
	November		3.92%	5.25%	4.93%	5.01%	4.99%
	December		4.00%	4.33%	5.07%	6.73%	10.45%
Average			4.04%	4.70%	5.08%	6.22%	8.75%
Industrials		Aaa	Aa	A	Baa	Ba	B
	October	3.98%	4.11%	4.56%	5.50%	7.46%	11.57%
	November	3.87%	4.01%	4.43%	5.34%	7.31%	11.58%
	December	3.93%	4.06%	4.46%	5.43%	7.78%	13.49%
Average		3.93%	4.06%	4.48%	5.42%	7.52%	12.21%

Bonds Online Rating Spreads**

	B1--10yr	B1--30yr	B2--10yr	B2--30yr	B3--10yr	B3--30yr
Transportation	769	889	839	989	964	1089
Utility	629	789	759	989	924	1109

Sources:

Standard & Poor's Bond Guide and <http://www.standardandpoors.com>

Mergent's and <http://www.moodys.com>

*Mergent's data for non-investment grade debt are not given rates shown for Ba and B are extrapolated from given Aaa-Baa rates.

**Spread values represent basis points (bps) over a US Treasury security of the same maturity, or the closest matching maturity. Treasury yield 12/30/2011 10yr Rf=1.89%, 30yr Rf=2.89%. Spreads are added to the corresponding

SUPPORT FOR DEBT YIELD RATE

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

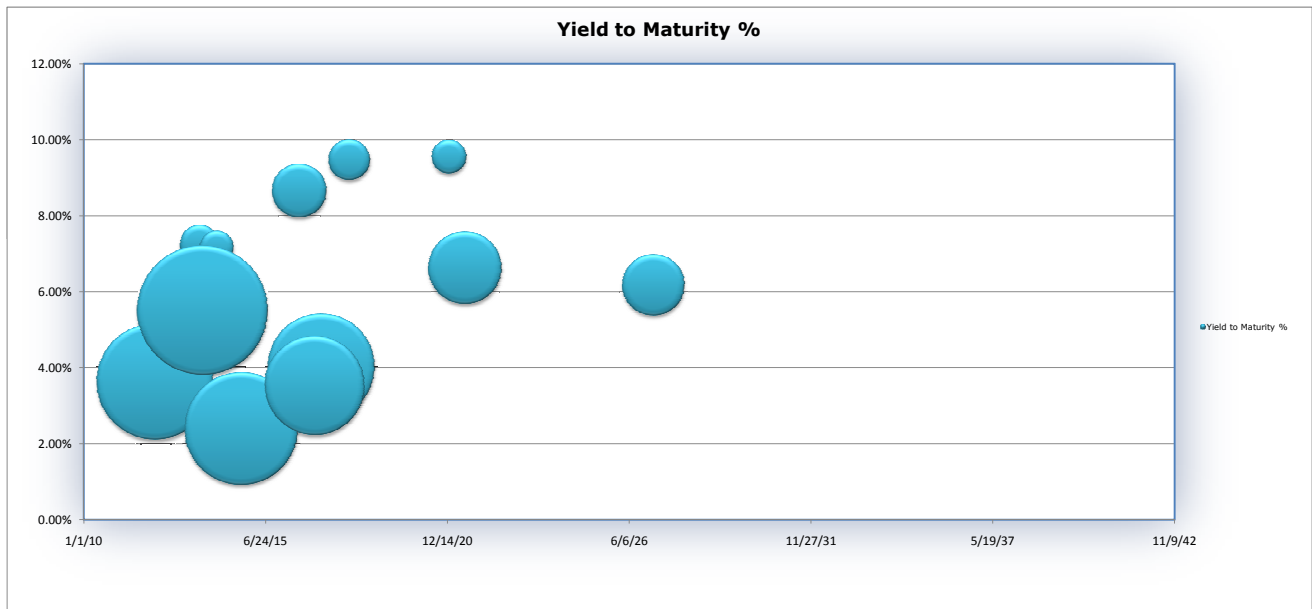
AIR TRANSPORT

MAJOR PASSENGER

Company	Maturity Date	Amount \$(Mil)	Price	Coupon %	Callable	Yield to Maturity %	Detail Type	Treasury Yield Type	Latest Data
M Northwest Air	02/06/2015	123.4	---	0.915	---	---	Bond - Corp Passthru	US Treasury 10-20 Yr Yld USD	---
M Southwest Air 6.5%	03/01/2012	402	100.5	6.5	Yes	3.61%	Corporate Bond	US Treasury 7-10 Yr Yld USD	12/28/2011
M Southwest Air 5.25%	10/01/2014	378	107.6	5.25	Yes	2.38%	Corporate Bond	US Treasury 10-20 Yr Yld USD	12/29/2011
M Southwest Air 5.125%	03/01/2017	335	105.2	5.125	Yes	4.01%	Corporate Bond	US Treasury 10-20 Yr Yld USD	12/29/2011
M Southwest Air 5.75%	12/15/2016	296	110.1	5.75	Yes	3.51%	Corporate Bond	US Treasury 7-10 Yr Yld USD	12/29/2011
M Southwest Air 7.375%	03/01/2027	111	111.8	7.375	Yes	6.16%	Corporate Bond	US Treasury 20+ Yr Yld USD	12/27/2011
M Southwest Air 1994-A 9.15%	07/01/2016	86.3	102.6	9.15	---	8.64%	Bond - Asset Backed	US Treasury 20+ Yr Yld USD	07/31/2009
M Southwest Air 1995-A 7.64%	01/01/2018	49	89.7	7.64	---	9.45%	Bond - Asset Backed	US Treasury 20+ Yr Yld USD	07/31/2009
M Southwest Air 1995-A 7.22%	07/01/2013	43.3	100	7.22	---	7.23%	Bond - Asset Backed	US Treasury 10-20 Yr Yld USD	---
M Southwest Air 1996-A 7.67%	01/02/2014	33.3	102	7.67	No	7.14%	Bond - Asset Backed	US Treasury 10-20 Yr Yld USD	07/31/2009
M Southwest Air 1996-A 8%	01/02/2021	33.1	89.4	8	No	9.54%	Bond - Asset Backed	US Treasury 20+ Yr Yld USD	07/31/2009
M Southwest Air 93-B 6.26%	09/24/2012	18.9	100.4	6.26	---	6.11%	Bond - Asset Backed	US Treasury 10-20 Yr Yld USD	07/31/2009
M Ual 144A Cv 4.5%	06/30/2021	726	---	4.5	Yes	---	Bond - Cnvtbl	US Treasury 10-20 Yr Yld USD	07/31/2009
M United Air Lines 9.875%	08/01/2013	500	110	9.875	Yes	5.49%	Corporate Bond	US Treasury 3-5 Yr Yld USD	02/10/2011
M Ual Cv 6%	10/15/2029	345	241.6	6	Yes	---	Bond - Cnvtbl	US Treasury 10-20 Yr Yld USD	11/28/2011
M United Air Lines 12%	11/01/2013	190.6	---	12	Yes	---	Corporate Bond	US Treasury 3-5 Yr Yld USD	08/23/2010
M Ual Cv 4.5%	06/30/2021	155.6	85.1	4.5	Yes	6.61%	Bond - Cnvtbl	US Treasury 10-20 Yr Yld USD	11/16/2011
M Ual 6%	02/01/2031	---	92	6	---	6.75%	Corporate Bond	US Treasury 20+ Yr Yld USD	11/09/2011
M Ual Cv	02/01/2021	---	---	2	---	---	Preferred - Cnvtbl	US Treasury 10-20 Yr Yld USD	---
M Ual 6.375%	02/01/2025	---	---	6.375	---	---	Bond - Cnvtbl	US Treasury 10-20 Yr Yld USD	---
M Us Airways Grp Cv 7.25%	05/15/2014	172	121.7	7.25	No	---	Bond - Cnvtbl	US Treasury 3-5 Yr Yld USD	11/30/2011
M Usair 1993-A Pass Thru Tr 10.375%	03/01/2013	162.7	---	10.375	Yes	---	Corporate Bond	US Treasury 10-20 Yr Yld USD	---
M U S Airways Grp 144A Cv 7%	09/30/2020	143.8	---	7	Yes	---	Corporate Bond	US Treasury 10-20 Yr Yld USD	07/31/2009
M U S Airways Grp Cv 7%	09/30/2020	4.81	---	7	Yes	---	Bond - Cnvtbl	US Treasury 10-20 Yr Yld USD	09/01/2010
M U S Air 10.76%	06/27/2013	2.615	---	10.76	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld USD	---
M U S Air 10.76%	06/27/2012	2.361	---	10.76	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld USD	---
M U S Air	06/01/2013	---	---	---	---	---	Bond - Other	US Treasury 10-20 Yr Yld USD	---
M U S Air 7.56%	06/01/2013	---	---	7.56	---	---	Bond - Other	US Treasury 10-20 Yr Yld USD	---

Source: <http://www.morningstar.com/>

Weighted Average YTM 4.66%
 Weighted Average YTM 10+ year maturities 4.94%
 Weighted Average YTM 20+ year maturities 7.90%



*This is an illustration of the type and limited availability of information on debt held by the industry. Although any long term corporate bond (non-convertible) issues YTM's may be considered for the industry debt rate, the overall weighted YTM's calculated here are not necessarily used.

SUPPORT FOR DEBT YIELD RATE

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

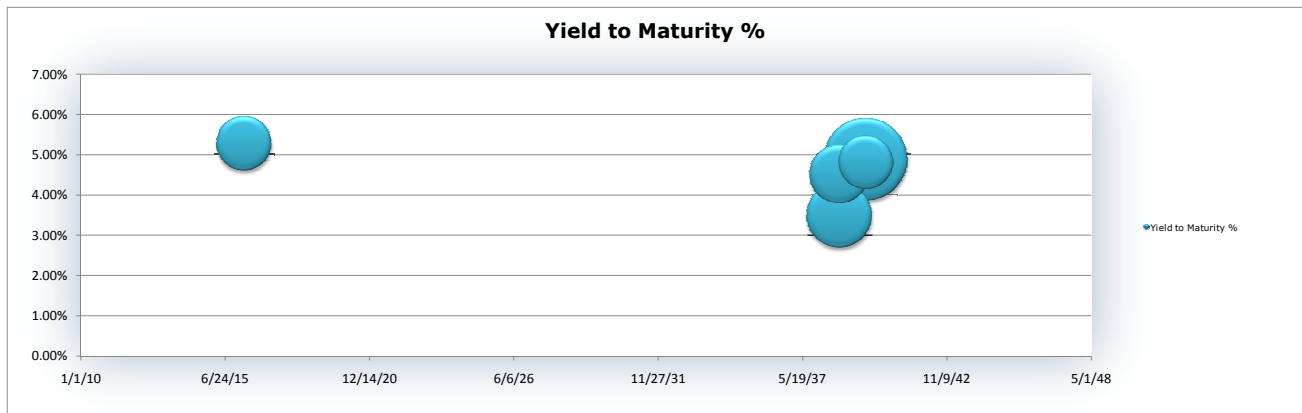
AIR TRANSPORT

NON-MAJOR PASSENGER

	Company	Maturity Date	Amount \$(Mil)	Price	Coupon %	Callable	Yield to Maturity %	Detail Type	Treasury Yield Type	Latest Data
NM	Alaska Air Grp 6.875%	06/15/2014	---	---	6.875	---	---	Bond - Cnvrtrbl	US Treasury 20+ Yr Yld USD	---
NM	Hawaiian Hldgs Cv 5%	03/15/2016	86.3	99	5	No	5.26%	Bond - Cnvrtrbl	US Treasury 3-5 Yr Yld USD	11/30/2011
NM	Jetblue Airways Cv 6.75%	10/15/2039	201	128.5	6.75	Yes	4.87%	Bond - Cnvrtrbl	US Treasury 20+ Yr Yld USD	12/22/2011
NM	Jetblue Airways Cv 5.5%	10/15/2038	123	135	5.5	Yes	3.48%	Bond - Cnvrtrbl	US Treasury 20+ Yr Yld USD	12/23/2011
NM	Jetblue Airways Cv 5.5%	10/15/2038	100.6	115.5	5.5	Yes	4.50%	Bond - Cnvrtrbl	US Treasury 20+ Yr Yld USD	09/20/2011
NM	Jetblue Airways Cv 6.75%	10/15/2039	86	130	6.75	Yes	4.79%	Bond - Cnvrtrbl	US Treasury 20+ Yr Yld USD	12/29/2011

Source: <http://www.morningstar.com/>

Weighted Average YTM 3.81%



*This is an illustration of the type and limited availability of information on debt held by the industry. Although any long term corporate bond (non-convertible) issues YTM's may be considered for the industry debt rate, the overall weighted YTM's calculated here are not necessarily used.

WASHINGTON STATE DEPARTMENT OF REVENUE
2012 ASSESSMENT YEAR
AIR TRANSPORT

	Company	Maturity Date	Amount \$(Mil)	Price	Coupon %	Callable	Yield to Maturity %	Detail Type	Treasury Yield Type	Latest Data
F	Atlas Air 1998-1 8.01%	05/02/2021	71.3	---	8.01	Yes	---	Bond - Asset Backed	US Treasury 20+ Yr Yld	10/18/2006
F	Atlas Air 2000-1 9.702%	11/02/2020	19.3	---	9.702	---	---	Bond - Asset Backed	US Treasury 20+ Yr Yld	01/30/2009
F	Atlas Air 2000-1 9.702%	11/02/2020	19.3	---	9.702	---	---	Bond - Asset Backed	US Treasury 20+ Yr Yld	10/18/2010
F	Atlas Air 1999-1 6.88%	04/02/2024	6.4	---	6.88	Yes	6.88%	Bond - Asset Backed	US Treasury 10-20 Yr	12/19/2011
F	Fedex 8.0%	01/15/2019	750	128.2	8.0	Yes	2.89%	Corporate Bond	US Treasury 2-10 Yr Yld	12/29/2011
F	Federal Express 9.65%	06/15/2012	300	104.5	9.65	No	9.83%	Corporate Bond	US Treasury 10-20 Yr	12/29/2011
F	Fedex 7.375%	01/15/2014	250	112.6	7.375	Yes	1.87%	Corporate Bond	US Treasury 3-5 Yr Yld	12/29/2011
F	Federal Express 7.6%	07/01/2097	239	133.7	7.6	Yes	5.67%	Corporate Bond	US Treasury 20+ Yr Yld	12/13/2011
F	Federal Express 7%	06/01/2012	55.4	---	7	No	---	Bond - Prvt/Illdg	US Treasury 10-20 Yr	---
F	Federal Express 7%	01/01/2012	54.6	---	7	---	---	Corporate Bond	US Treasury 10-20 Yr	---
F	Fedex 8.11%	04/18/2012	---	---	8.11	---	---	Corporate Bond	US Treasury 10-20 Yr	---
F	Federal Express 9.625%	10/15/2019	---	---	9.625	---	---	Corporate Bond	US Treasury 10-20 Yr	---
F	United Parcel Svc 4.5%	01/15/2013	1750	104.3	4.5	Yes	0.37%	Corporate Bond	US Treasury 3-5 Yr Yld	12/29/2011
F	United Parcel Svc 6.2%	01/15/2038	1500	132.3	6.2	Yes	4.16%	Corporate Bond	US Treasury 20+ Yr Yld	12/29/2011
F	United Parcel Svc 3.125%	01/15/2021	1500	---	3.125	Yes	2.36%	Corporate Bond	US Treasury 10-20 Yr	---
F	United Parcel Svc 3.875%	04/01/2014	1000	105.7	3.875	Yes	1.30%	Corporate Bond	US Treasury 5-7 Yr Yld	12/29/2011
F	United Parcel Svc 3.125%	04/01/2019	1000	120.5	5.125	Yes	2.07%	Corporate Bond	US Treasury 10-20 Yr	12/29/2011
F	United Parcel Svc 5.5%	01/15/2018	750	120.5	5.5	Yes	1.80%	Corporate Bond	US Treasury 10-20 Yr Yld	12/29/2011
F	Utd Parcel Serv 5.125%	02/12/2050	715.1	125.5	5.125	---	3.84%	Corporate Bond	US Treasury 20+ Yr Yld	12/29/2011
F	United Parcel Svc 4.875%	11/15/2040	500	---	4.875	Yes	4.11%	Corporate Bond	US Treasury 20+ Yr Yld	---
F	United Parcel Svc Amer 8.375%	04/01/2020	446	138.1	8.375	No	3.10%	Corporate Bond	US Treasury 20+ Yr Yld	12/29/2011
F	United Parcel Svc Amer 8.375%	04/01/2030	276	98.1	8.375	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld	---
F	Utd Parcel Serv 5.5%	02/12/2031	104.5	120.5	5.5	---	3.96%	Corporate Bond	US Treasury 20+ Yr Yld	12/29/2011
F	United Parcel Svc	02/28/2053	100	98.4	0	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld	---
F	United Parcel Svc	12/21/2051	95	100	0	Yes	---	Bond - FRN	US Treasury 20+ Yr Yld	---
F	United Parcel Svc	12/21/2050	89	94.9	0	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld	---
F	United Parcel Svc Amer	10/26/2049	55	98	0	Yes	---	Bond - FRN	US Treasury 20+ Yr Yld	---
F	United Parcel Svc Inc Mtn Be 5%	03/15/2013	54.3	---	5	Yes	---	Corporate Bond	US Treasury 5-7 Yr Yld	10/01/2007
F	United Parcel Svc	06/21/2051	52.4	99.7	3.301	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld	---
F	United Parcel Svc	03/27/2050	50	---	0	---	---	Bond - FRN	US Treasury 20+ Yr Yld	---
F	United Parcel Svc Inc Mtn Be 5%	10/15/2018	7.745	---	5	Yes	---	Corporate Bond	US Treasury 10-20 Yr	10/03/2008
F	United Parcel Svc Inc Mtn Be 5%	10/15/2013	6.05	---	5	Yes	---	Corporate Bond	US Treasury 5-7 Yr Yld	---
F	United Parcel Svc Inc Mtn Be 5%	10/15/2017	5.704	---	5	Yes	---	Corporate Bond	US Treasury 10-20 Yr	09/23/2008
F	United Parcel Svc Inc Mtn Be 5.25%	12/15/2018	5.324	---	5.25	Yes	---	Corporate Bond	US Treasury 10-20 Yr	05/23/2008
F	United Parcel Svc Inc Mtn Be 5%	12/15/2016	4.253	---	5	Yes	---	Corporate Bond	US Treasury 10-20 Yr	05/21/2008
F	United Parcel Svc Inc Mtn Be 5.05%	12/15/2016	4.066	---	5.05	Yes	---	Corporate Bond	US Treasury 10-20 Yr Yld	05/28/2008
F	United Parcel Svc Inc Mtn Be 5%	12/15/2018	3.525	---	5	Yes	---	Corporate Bond	US Treasury 10-20 Yr	06/09/2008
F	United Parcel Svc Inc Mtn Be 5%									

Weighted Average YTM	2.66%
Weighted Average YTM 20+ year maturities	4.05%



SUPPORT FOR DIRECT CAPITALIZATION EQUITY COMPONENT

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

INDUSTRY OVERALL

Company	Ticker	Stock Price (Po)	2011 Cash Flow	Ratio	2012 Cash Flow	Ratio	Actual Earnings	Ratio	Projected Earnings	Ratio
NM Alaska Air Group Inc	ALK	65.81	7.55	11.5%	8.30	12.6%	3.92	6.0%	4.65	7.1%
F Atlas Air Worldwide	AAWW	37.40	5.15	13.8%	6.55	17.5%	3.64	9.7%	5.10	13.6%
M Delta Air Lines	DAL	8.04	3.21	39.9%	3.70	46.0%	1.41	17.5%	1.90	23.6%
F FedEx Corporation	FDX	78.78	11.13	14.1%	13.20	16.8%	4.90	6.2%	6.50	8.3%
NM Hawaiian Holdings	HA	5.45	2.16	39.7%	2.60	47.8%	0.85	15.6%	1.20	22.0%
NM JetBlue Airways	JBLU	4.30	1.05	24.4%	1.40	32.5%	0.28	6.5%	0.50	11.6%
NM Republic Airways Holdings, Inc.	RJET	3.39	4.20	124.0%	N/A	NMF	0.18	5.3%	0.79	23.3%
NM Sky West	SKYW	12.41	4.35	35.1%	5.65	45.5%	(0.52)	NMF	0.45	3.6%
M Southwest Airlines Co.	LUV	8.21	1.35	16.4%	1.80	21.9%	0.42	5.1%	0.80	9.7%
M United Continental Holdings, Inc.	UAL	18.74	8.65	46.2%	9.65	51.5%	3.49	18.6%	5.00	26.7%
F United Parcel Svc	UPS	69.29	6.20	8.9%	6.75	9.7%	4.25	6.1%	4.85	7.0%
M US Airways	LCC	5.29	1.90	35.9%	3.65	69.0%	0.44	8.3%	2.10	39.7%
		Mean		34.2%		33.7%		9.6%		16.4%
		Median		29.7%		32.5%		6.5%		12.6%

MAJOR PASSENGER

Company	Ticker	Stock Price (Po)	2011 Cash Flow	Ratio	2012 Cash Flow	Ratio	Actual Earnings	Ratio	Projected Earnings	Ratio
M Delta Air Lines	DAL	8.04	3.21	39.9%	3.70	46.0%	1.41	17.5%	1.90	23.6%
M Southwest Airlines Co.	LUV	8.21	1.35	16.4%	1.80	21.9%	0.42	5.1%	0.80	9.7%
M United Continental Holdings, Inc.	UAL	18.74	8.65	46.2%	9.65	51.5%	3.49	18.6%	5.00	26.7%
M US Airways	LCC	5.29	1.90	35.9%	3.65	69.0%	0.44	8.3%	2.10	39.7%
		Mean		34.6%		47.1%		12.4%		24.9%
		Weighted Mean	40.28	15.11	37.5%	18.80	46.7%	5.76	14.3%	24.3%
		Median		37.9%		48.8%		12.9%	9.80	25.2%
		Estimated		36.0%		47.0%		13.5%		25.0%

NON-MAJOR PASSENGER

Company		Ticker	Stock Price (Po)	2011 Cash Flow	Ratio	2012 Cash Flow	Ratio	Actual Earnings	Ratio	Projected Earnings	Ratio
NM	Alaska Air Group Inc	ALK	65.81	7.55	11.5%	8.30	12.6%	3.92	6.0%	4.65	7.1%
NM	Hawaiian Holdings	HA	5.45	2.16	39.7%	2.60	47.8%	0.85	15.6%	1.20	22.0%
NM	JetBlue Airways	JBLU	4.30	1.05	24.4%	1.40	32.5%	0.28	6.5%	0.50	11.6%
NM	Republic Airways Holdings, Inc.	RJET	3.39	4.20	124.0%	N/A	NMF	0.18	5.3%	0.79	23.3%
NM	Sky West	SKYW	12.41	4.35	35.1%	5.65	45.5%	(0.52)	NMF	0.45	3.6%
Mean				46.9%		34.6%		8.3%		13.5%	
Weighted Mean			91.36	19.31	21.1%	17.95	20.4%	5.23	6.6%	7.59	8.3%
Median					35.1%		39.0%		6.2%		11.6%
Estimated					32.0%		35.0%		6.5%		10.0%

FREIGHT

Company		Ticker	Stock Price (Po)	2011 Cash Flow	Ratio	2012 Cash Flow	Ratio	Actual Earnings	Ratio	Projected Earnings	Ratio
F	Atlas Air Worldwide	AAWW	37.40	5.15	13.8%	6.55	17.5%	3.64	9.7%	5.10	13.6%
F	FedEx Corporation	FDX	78.78	11.13	14.1%	13.20	16.8%	4.90	6.2%	6.50	8.3%
F	United Parcel Svc	UPS	69.29	6.20	8.9%	6.75	9.7%	4.25	6.1%	4.85	7.0%
Mean					12.3%		14.7%		7.4%		9.6%
Weighted Mean			185.47	22.48	12.1%	26.50	14.3%	12.79	6.9%	16.45	8.9%
Median					13.8%		16.8%		6.2%		8.3%
Estimated					12.0%		13.0%		6.2%		7.9%

WASHINGTON STATE DEPARTMENT OF REVENUE

Assessment Year 2012 ASSESSMENT YEAR

Industry AIR TRANSPORT

	Guideline Companies	Ticker	Stock Price (4th 1/4 average)	Stock Close Price	Value Line Common Shares	Preferred \$ Stock \$	LTD + OP Lease	Long Term \$Debt\$	Operating Leases
NM	Alaska Air Group Inc	ALK	65.81	75.09	71,029,944	-	1,885,300,000	1,380,200,000	505,100,000
F	Atlas Air Worldwide	AAWW	37.40	38.43	26,304,764	-	1,225,173,000	807,673,000	417,500,000
M	Delta Air Lines	DAL	8.04	8.09	845,519,629	-	16,348,700,000	13,600,000,000	2,748,700,000
F	FedEx Corporation	FDX	78.78	83.51	314,484,094	-	3,616,000,000	2,040,000,000	1,576,000,000
NM	Hawaiian Holdings	HA	5.45	5.80	50,729,573	-	761,735,000	445,635,000	316,100,000
NM	JetBlue Airways	JBLU	4.30	5.20	297,160,580	-	3,831,500,000	3,035,000,000	796,500,000
NM	Republic Airways Holdings, Inc.	RJET	3.39	3.43	48,327,348	-	3,247,000,000	2,262,400,000	984,600,000
NM	Sky West	SKYW	12.41	12.59	50,980,267	-	3,996,100,000	1,952,500,000	2,043,600,000
M	Southwest Airlines Co.	LUV	8.21	8.56	772,906,217	-	7,060,600,000	3,765,000,000	3,295,600,000
M	United Continental Holdings, Inc.	UAL	18.74	18.87	330,849,396	-	18,557,200,000	13,045,000,000	5,512,200,000
F	United Parcel Svc	UPS	69.29	73.19	964,988,627	-	12,996,700,000	12,195,000,000	801,700,000
M	US Airways	LCC	5.29	5.07	162,112,185	-	7,658,100,000	4,230,000,000	3,428,100,000
Source:			Yahoo	Yahoo	Value Line	Value Line		Value Line or 10K's Fair Value	AC Leases pg 19 Calc PV

WASHINGTON STATE DEPARTMENT OF REVENUE

Assessment Year 2012 ASSESSMENT YEAR

Industry AIR TRANSPORT

	Guideline Companies	Ticker	Total Revenues - 2011	2011 Revenues Per Share	2011 Cash Flow Per Share	2012 Cash Flow Per Share	2011 EPS	2012 EPS	D1 Dividends Per Share	2011 BV per share	Beta	P/E Ratio
NM	Alaska Air Group Inc	ALK	4,318,620,595	60.80	7.55	8.30	3.92	4.65	NIL	16.45	1.15	8.2
F	Atlas Air Worldwide	AAWW	1,398,098,207	53.15	5.15	6.55	3.64	5.10	NIL	43.24	1.60	10.6
M	Delta Air Lines	DAL	35,122,885,389	41.54	3.21	3.70	1.41	1.90	NIL	NMF	1.40	5.4
F	FedEx Corporation	FDX	38,992,882,815	123.99	11.13	13.20	4.90	6.50	0.52	48.01	1.00	13.4
NM	Hawaiian Holdings	HA	1,650,233,010	32.53	2.16	2.60	0.85	1.20	NIL	4.39	1.10	5.7
NM	JetBlue Airways	JBLU	4,457,408,700	15.00	1.05	1.40	0.28	0.50	NIL	5.85	1.25	11
NM	Republic Airways Holdings, Inc.	RJET	2,662,353,601	55.09	4.20	N/A	0.18	0.79	NIL	12.66	0.90	NMF
NM	Sky West	SKYW	3,569,638,295	70.02	4.35	5.65	(0.52)	0.45	0.16	28.15	1.10	11
M	Southwest Airlines Co.	LUV	15,666,809,019	20.27	1.35	1.80	0.42	0.80	0.02	8.90	1.00	13.2
M	United Continental Holdings, Inc.	UAL	37,088,217,292	112.10	8.65	9.65	3.49	5.00	NIL	6.15	1.65	4.5
F	United Parcel Svc	UPS	53,122,623,916	55.05	6.20	6.75	4.25	4.85	2.28	7.35	0.85	16.1
M	US Airways	LCC	13,066,242,111	80.60	1.90	3.65	0.44	2.10	NIL	0.95	1.65	3.7
Source:				Value Line	Value Line	Value Line	Value Line	Value Line	Value Line	Value Line	Value Line	Value Line

WASHINGTON STATE DEPARTMENT OF REVENUE

Assessment Year 2012 ASSESSMENT YEAR**Industry** AIR TRANSPORT

	Guideline Companies	Ticker	Div'd Yield	Earnings Growth	Dividends Growth	Number of Employees	Number of Aircraft	Sales	5 yr Average EBITDA	2011 or TTM EBIT	5 yr Ave Net Profit
NM	Alaska Air Group Inc	ALK	NIL	20.0%	NIL	12,806	165	4,318,620,595	461.04	448,900,000	121
F	Atlas Air Worldwide	AAWW	NIL	11.5%	NIL	1,716	37	1,398,098,207	171.47	151,100,000	102
M	Delta Air Lines	DAL	NIL	NMF	NIL	78,400	775	35,122,885,389	730.00	1,975,000,000	(1,420)
F	FedEx Corporation	FDX	0.6%	17.5%	7%	261,000	692	38,992,882,815	3973.40	2,798,000,000	1,122
NM	Hawaiian Holdings	HA	NIL	17.5%	NIL	4,314	37	1,650,233,010	117.81	20,283,000	53
NM	JetBlue Airways	JBLU	NIL	30.5%	NIL	12,094	169	4,457,408,700	456.80	322,000,000	34
NM	Republic Airways Holdings, Inc.	RJET	NIL	NMF	NIL	9,850	275	2,662,353,601	318.53	(105,600,000)	8
NM	Sky West	SKYW	1.3%	12.0%	5.5%	18,418	732	3,569,638,295	439.25	41,105,000	85
M	Southwest Airlines Co.	LUV	0.2%	19.5%	1%	45,392	698	15,666,809,019	1259.20	693,000,000	312
M	United Continental Holdings, Inc.	UAL	NIL	NMF	NIL	87,000	1,256	37,088,217,292	930.00	1,822,000,000	(919)
F	United Parcel Svc	UPS	3.0%	11.0%	5.5%	398,000	523	53,122,623,916	6119.00	6,080,000,000	2,566
M	US Airways	LCC	NIL	NMF	NIL	31,500	433	13,066,242,111	237.80	426,000,000	(285)
Source:			Value Line	Value Line	Value Line	Value Line, 10K, or 8K	Value Line, 10K, or 8K	Value Line	10K	10K	10K

WASHINGTON STATE DEPARTMENT OF REVENUE

Assessment Year 2012 ASSESSMENT YEAR

Industry AIR TRANSPORT

	Guideline Companies	Ticker	2011 Share Equity	Net Working Capital	Retained Earnings	Balance Sheet Total Assets	TOTAL LIABILITIES	Z-score
NM	Alaska Air Group Inc	ALK	1,167	84,900,000	810,600,000	5,195,000,000	4,022,800,000	2.051
F	Atlas Air Worldwide	AAWW	1,138	121,180,000	668,749,000	2,390,998,000	1,249,623,000	1.717
M	Delta Air Lines	DAL	(1,396)	(4,972,000,000)	(8,398,000,000)	43,499,000,000	44,895,000,000	0.640
F	FedEx Corporation	FDX	15,714	2,982,000,000	15,648,000,000	27,838,000,000	12,124,000,000	3.872
NM	Hawaiian Holdings	HA	223	10,711,000	64,051,000	1,487,529,000	1,264,653,000	1.353
NM	JetBlue Airways	JBLU	1,654	216,000,000	305,000,000	7,071,000,000	5,314,000,000	1.021
NM	Republic Airways Holdings, Inc.	RJET	461	(141,000,000)	236,900,000	3,901,700,000	3,441,200,000	0.663
NM	Sky West	SKYW	1,334	708,186,000	1,104,144,000	4,281,907,000	2,895,777,000	1.555
M	Southwest Airlines Co.	LUV	6,877	(188,000,000)	5,395,000,000	18,068,000,000	11,191,000,000	1.739
M	United Continental Holdings, Inc.	UAL	1,806	(397,000,000)	(4,863,000,000)	37,988,000,000	36,182,000,000	1.045
F	United Parcel Svc	UPS	7,035	5,770,000,000	10,128,000,000	34,701,000,000	27,593,000,000	4.170
M	US Airways	LCC	150	(111,000,000)	(1,976,000,000)	8,335,000,000	8,185,000,000	1.450

Source:

10K

10K

10K

10K

10K

AVERAGE FOURTH QUARTER STOCK PRICE

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

Alaska Air Group Inc		ALK						Q4 Average
Date	Open	High	Low	Close	Volume	Adj Close		
Dec-11	68.97	77.14	67.13	75.09	545,400	75.09	65.813	
Nov-11	64.6	69.64	60.56	69.42	411,300	69.42		
Oct-11	55.67	69.31	51.1	66.53	495,500	66.53		
Sep-11	57.62	60.89	52.65	56.29	385,700	56.29		
Aug-11	62.47	63.48	51.79	57.73	490,600	57.73		
Jul-11	68.67	70.61	59.5	61.12	437,000	61.12		
Jun-11	67.36	69.63	61.31	68.46	342,400	68.46		
May-11	66.53	70.07	64.72	67.54	310,300	67.54		
Apr-11	63.98	66.09	59	65.87	346,600	65.87		
Mar-11	59.55	64	56.15	63.42	366,400	63.42		
Feb-11	59.86	65	56.28	59.45	458,300	59.45		
Jan-11	57.5	64.34	56.53	59.24	445,600	59.24		

Atlas Air Worldwide		AAWW						Q4 Average
Date	Open	High	Low	Close	Volume	Adj Close		
Dec-11	41.95	42.11	34.45	38.43	248,500	38.43	37.403	
Nov-11	37	42.27	32.64	42.25	325,100	42.25		
Oct-11	33.01	43.45	29.5	38.52	284,700	38.52		
Sep-11	49.35	50.96	33.01	33.29	443,800	33.29		
Aug-11	52.96	55.56	39.66	49.08	393,900	49.08		
Jul-11	59.45	63.99	52.2	52.39	225,800	52.39		
Jun-11	63.01	63.3	55.55	59.51	174,000	59.51		
May-11	69.42	69.66	59.24	63.29	301,700	63.29		
Apr-11	70	70	60.83	68.91	217,700	68.91		
Mar-11	68.65	70	61.49	69.72	245,100	69.72		
Feb-11	51.4	73.19	51.4	68.28	437,100	68.28		
Jan-11	56.42	57.09	49.77	50.81	328,700	50.81		

Delta Air Lines		DAL					Q4 Average
Date	Open	High	Low	Close	Volume	Adj Close	8.043
Dec-11	8.04	9.13	7.93	8.09	11,259,100	8.09	
Nov-11	8.2	8.5	7.08	8.12	13,881,600	8.12	
Oct-11	7.39	8.98	6.64	8.52	13,189,600	8.52	
Sep-11	7.55	8.57	7.06	7.5	12,274,800	7.5	
Aug-11	8.2	8.24	6.41	7.53	17,880,600	7.53	
Jul-11	9.24	9.41	7.28	7.89	16,579,200	7.89	
Jun-11	10.08	10.18	9.1	9.17	14,352,600	9.17	
May-11	10.66	11.6	9.91	10.08	16,420,500	10.08	
Apr-11	9.89	10.7	8.91	10.38	19,890,500	10.38	
Mar-11	11.26	11.64	8.71	9.8	20,162,400	9.8	
Feb-11	11.75	12.13	10.37	11.24	19,101,100	11.24	
Jan-11	12.69	13.21	11.11	11.67	16,897,300	11.67	

FedEx Corporation		FDX						
Date	Open	High	Low	Close	Volume	Adj Close	Q4 Average 78.775	
Dec-11	82.52	86.37	76.95	83.51	2,760,800	83.51		
Nov-11	78.91	83.45	76.06	83.08	2,225,300	82.95		
Oct-11	66.9	85.75	64.07	81.83	3,288,600	81.83		
Sep-11	78.72	80.11	64.55	67.68	3,814,900	67.68		
Aug-11	88.05	88.05	72.16	78.72	3,975,000	78.59		
Jul-11	94.68	98.66	86.33	86.88	2,875,500	86.73		
Jun-11	93.95	94.95	81.22	94.85	2,960,900	94.69		
May-11	96.25	96.89	90.8	93.64	2,217,000	93.34		
Apr-11	95	96.5	90.66	95.67	2,103,000	95.36		
Mar-11	90.57	94.41	85.03	93.55	3,414,500	93.25		
Feb-11	92.75	98.52	87.54	90.02	3,221,200	89.61		
Jan-11	93.54	97	90.01	90.32	2,701,800	89.91		

Hawaiian Holdings		HA					
Date	Open	High	Low	Close	Volume	Adj Close	Q4 Average 5.445
Dec-11	5.91	6.48	5.65	5.8	531,400	5.8	
Nov-11	5.15	6	5.05	5.95	637,200	5.95	
Oct-11	4.17	5.6	3.89	5.35	784,900	5.35	
Sep-11	4.15	4.62	3.67	4.21	495,900	4.21	
Aug-11	4.78	4.84	3.82	4.18	747,100	4.18	
Jul-11	5.73	6.09	4.65	4.7	687,400	4.7	
Jun-11	5.56	6.1	5.36	5.7	545,500	5.7	
May-11	5.88	6.24	5.49	5.54	552,200	5.54	
Apr-11	6.05	6.09	5.32	5.84	922,000	5.84	
Mar-11	6.63	7.24	5.95	6.01	1,376,100	6.01	
Feb-11	7.45	7.73	6.55	6.64	931,800	6.64	
Jan-11	7.86	8.1	7.31	7.39	451,900	7.39	

JetBlue Airways		JBLU						
Date	Open	High	Low	Close	Volume	Adj Close		
Dec-11	4.08	5.65	4.07	5.2	6,375,300	5.2	Q4 Average 4.303	
Nov-11	4.32	4.47	3.4	4.12	6,309,900	4.12		
Oct-11	4.1	4.74	3.49	4.48	4,543,200	4.48		
Sep-11	4.35	4.59	3.9	4.09	4,085,600	4.09		
Aug-11	4.99	4.99	3.86	4.35	6,169,500	4.35		
Jul-11	6.15	6.26	4.55	4.79	6,629,200	4.79		
Jun-11	6.09	6.29	5.45	6.1	4,035,100	6.1		
May-11	5.73	6.38	5.62	6.07	5,733,300	6.07		
Apr-11	6.32	6.36	5.35	5.66	5,799,100	5.66		
Mar-11	5.66	6.45	5.44	6.27	5,739,100	6.27		
Feb-11	5.95	6.12	5.55	5.7	7,185,000	5.7		
Jan-11	6.71	7.13	5.71	6	6,858,200	6		

AVERAGE FOURTH QUARTER STOCK PRICE

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

Republic Airways Holdings, Inc. RJET

Date	Open	High	Low	Close	Volume	Adj Close	
Dec-11	3.81	4.16	3.33	3.43	294,700	3.43	Q4 Average 3.388
Nov-11	2.56	4.78	2.51	3.83	709,000	3.83	
Oct-11	2.81	3.08	2.47	2.6	401,800	2.6	
Sep-11	3.21	3.27	2.5	2.81	503,900	2.81	
Aug-11	4.4	4.4	2.98	3.2	720,300	3.2	
Jul-11	5.42	5.05	4.28	4.33	436,600	4.33	
Jun-11	4.85	5.69	4.2	5.46	745,000	5.46	
May-11	5.43	5.55	4.68	4.88	1,001,700	4.88	
Apr-11	6.44	6.47	5.15	5.4	621,900	5.4	
Mar-11	6.39	6.49	5.92	6.43	528,500	6.43	
Feb-11	6.48	6.87	5.73	6.34	709,600	6.34	
Jan-11	7.41	7.79	5.95	6.42	958,300	6.42	

Sky West SKYW

Date	Open	High	Low	Close	Volume	Adj Close	
Dec-11	12.13	13.19	11.61	12.59	220,100	12.59	Q4 Average 12.410
Nov-11	12.94	14.22	11.07	12.13	347,800	12.09	
Oct-11	11.44	13.9	10.47	13.41	341,100	13.41	
Sep-11	12.78	12.95	10.88	11.51	373,400	11.51	
Aug-11	12.99	13.69	11.93	12.75	687,400	12.71	
Jul-11	15.09	15.52	12	12.86	460,500	12.82	
Jun-11	15.42	15.54	14.27	15.06	290,300	15.01	
May-11	16.64	16.92	15.09	15.43	286,500	15.34	
Apr-11	16.59	16.97	15.45	16.52	262,200	16.42	
Mar-11	16.5	17.28	15.65	16.92	317,000	16.82	
Feb-11	15.12	16.5	14.97	16.5	239,800	16.36	
Jan-11	15.76	16.78	15	15.05	243,500	14.92	
Dec-10	16.08	16.27	15.62	15.62	559,400	15.49	

Southwest Airlines Co. LUV

Date	Open	High	Low	Close	Volume	Adj Close	
Dec-11	8.3	8.71	8.12	8.56	6,909,200	8.56	Q4 Average 8.210
Nov-11	8.32	8.63	7.37	8.38	9,815,000	8.38	
Oct-11	8.02	9.28	7.15	8.55	10,352,200	8.55	
Sep-11	8.6	8.98	7.79	8.04	11,696,000	8.04	
Aug-11	10.06	10.17	7.81	8.62	14,623,300	8.62	
Jul-11	11.44	11.65	9.61	9.96	7,529,800	9.95	
Jun-11	11.81	11.92	10.68	11.42	9,016,200	11.41	
May-11	11.89	12.44	11.37	11.83	10,884,000	11.82	
Apr-11	12.74	12.87	11.3	11.75	10,097,000	11.74	
Mar-11	11.89	12.88	11.54	12.63	8,706,500	12.62	
Feb-11	11.94	12.58	11.41	11.83	9,271,800	11.81	
Jan-11	13.03	13.59	11.81	11.85	6,957,600	11.83	

United Continental Hold UAL

Date	Open	High	Low	Close	Volume	Adj Close	
Dec-11	18.05	21.45	17.9	18.87	6,423,700	18.87	Q4 Average 18.735
Nov-11	18.86	19.28	15.51	17.97	5,953,600	17.97	
Oct-11	19.16	21.44	16.83	19.32	5,635,600	19.32	
Sep-11	18.5	21.89	17.28	19.38	6,856,900	19.38	
Aug-11	18.53	19.25	15.92	18.59	8,331,700	18.59	
Jul-11	22.8	23.28	16.45	18.12	8,215,400	18.12	
Jun-11	24.19	25.6	21.69	22.63	7,180,700	22.63	
May-11	23.59	26.84	23.17	24.15	7,375,500	24.15	
Apr-11	23.34	23.43	19.32	22.82	9,057,200	22.82	
Mar-11	23.84	25.66	21.95	22.99	7,594,000	22.99	
Feb-11	25.46	27.72	21.65	24.04	8,561,700	24.04	
Jan-11	24.13	27.47	23.63	25.4	6,607,600	25.4	

United Parcel Svc

Date	Open	High	Low	Close	Volume	Adj Close	
Dec-11	71.57	73.81	70.38	73.19	4,091,600	73.19	Q4 Average 69.293
Nov-11	69.2	71.8	66.46	71.75	4,563,400	71.75	
Oct-11	63.11	72.04	61.27	70.24	5,063,800	69.73	
Sep-11	67.33	68.42	61.12	63.15	7,051,500	62.69	
Aug-11	69.86	69.86	60.74	67.39	7,514,400	66.9	
Jul-11	73.09	75.8	68.36	69.22	4,883,100	68.17	
Jun-11	73.51	73.68	68.13	72.93	4,745,200	71.82	
May-11	75.34	75.58	72.29	73.49	4,110,200	72.37	
Apr-11	74.99	75.34	71.48	74.97	3,532,800	73.32	
Mar-11	73.76	74.95	70.21	74.32	4,887,800	72.68	
Feb-11	74	77	72.83	73.8	4,966,500	72.17	
Jan-11	73.18	73.89	70.35	71.62	4,048,900	69.55	

US Airways LCC

Date	Open	High	Low	Close	Volume	Adj Close	
Dec-11	4.9	6.23	4.82	5.07	7,429,500	5.07	Q4 Average 5.292
Nov-11	5.57	5.73	3.96	4.72	6,742,500	4.72	
Oct-11	5.44	6.48	4.53	5.77	6,761,300	5.77	
Sep-11	5.54	6.57	4.68	5.5	8,439,400	5.5	
Aug-11	6.4	6.43	4.95	5.59	8,745,200	5.59	
Jul-11	9.02	9.15	5.77	6.24	7,477,700	6.24	
Jun-11	9.06	9.34	7.94	8.91	6,624,000	8.91	
May-11	9.24	10.35	8.98	9.1	7,146,400	9.1	
Apr-11	9.08	9.16	7.76	9.09	6,273,700	9.09	
Mar-11	8.56	9.38	7.71	8.71	7,897,700	8.71	
Feb-11	9.97	10.21	8.16	8.61	9,838,400	8.61	
Jan-11	10.11	11.56	9.67	9.92	7,293,500	9.92	

SUPPORT FOR OPERATING LEASE VALUE IN CAPITAL STRUCTURE

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

	Alaska Air Group	Atlas Air Worldwide	Delta (a)	FedEx (b)	Hawaiian	JetBlue
Cap rate ¹	0.14	0.31	0.29	0.23	0.17	0.10
2010 Income statement-rental expense	138,900,000	154,646,000	387,000,000	2,417,000,000	112,721,000	126,000,000
2011 Income statement-rental expense	116,300,000	164,089,000	298,000,000	2,476,000,000	112,883,000	135,000,000
10K op lease payment schedule						
2012	144,200,000	149,380,000	926,000,000	370,000,000	82,798,000	147,000,000
2013	135,100,000	148,251,000	912,000,000	499,000,000	75,924,000	127,000,000
2014	125,600,000	139,759,000	862,000,000	473,000,000	71,345,000	132,000,000
2015	104,400,000	133,191,000	765,000,000	455,000,000	70,739,000	138,000,000
2016	81,900,000	129,632,000	677,000,000	458,000,000	54,030,000	77,000,000
Thereafter	131,400,000	859,681,000	6,660,000,000	1,545,000,000	194,558,000	396,000,000
Present Value Calculation						
1	126,236,398	113,751,565	719,308,216	300,813,008	70,791,975	133,493,385
2	103,536,627	85,966,152	550,304,301	329,830,128	55,501,848	104,734,205
3	84,265,080	61,712,702	404,035,354	254,182,593	44,591,911	98,855,573
4	61,316,566	44,785,207	278,533,587	198,788,360	37,802,075	93,853,122
5	42,109,546	33,192,262	191,473,572	162,682,157	24,686,292	47,555,721
Thereafter	87,586,951	78,069,994	605,006,035	329,717,204	82,707,646	317,962,613
Estimated Life of Operating Leased Property	2.01	8.29	12.30	4.22	4.50	6.43
Thereafter (PV in Year 6)	194,591,300	400,400,478	2,753,819,693	1,141,753,304	211,719,364	566,919,769
Calculated Present Value	505,051,168	417,477,883	2,748,661,065	1,576,013,450	316,081,747	796,454,618

¹Cap rates are calculated from a study of aircraft values and operating lease payments. Sources of information include company SEC filings and Annual Reports filed with the State of Washington.

*Various types of operating leases were not segregated.

(a) Excludes Delta's payments per contract carrier agreements (lease payments). Include payments accounted for as construction obligations.

(b) Using Nov. 30 10Q, 2011 is remainder.

(c) Excludes operating lease payments for aircraft subleased to ExpressJet and reduced for expected sublease income from other operators that are not operated on Continental's behalf.

SUPPORT FOR OPERATING LEASE VALUE IN CAPITAL STRUCTURE

WASHINGTON STATE DEPARTMENT OF REVENUE

2012 ASSESSMENT YEAR

AIR TRANSPORT

	Republic	SkyWest*	Southwest*	United (c)	UPS*	US Airways*
Cap rate ¹	0.14	0.09	0.14	0.19	0.23	0.17
2010 Income statement-rental expense	240,563,000	311,909,000	180,000,000	500,000,000	615,000,000	670,000,000
2011 Income statement-rental expense	251,500,000	346,526,000	308,000,000	1,009,000,000	629,000,000	646,000,000
10K op lease payment schedule						
2012	254,300,000	392,165,000	640,000,000	1,688,000,000	329,000,000	1,018,000,000
2013	243,000,000	369,002,000	717,000,000	1,597,000,000	257,000,000	853,000,000
2014	225,600,000	348,323,000	642,000,000	1,518,000,000	192,000,000	737,000,000
2015	208,700,000	305,828,000	579,000,000	1,243,000,000	140,000,000	629,000,000
2016	181,000,000	239,698,000	489,000,000	984,000,000	97,000,000	572,000,000
Thereafter	396,400,000	907,252,000	2,516,000,000	2,391,000,000	393,000,000	2,232,000,000
Present Value Calculation						
1	222,248,216	359,695,750	561,945,966	1,415,797,631	267,479,675	866,588,289
2	185,605,192	310,428,561	552,774,911	1,123,472,365	169,872,430	618,128,981
3	150,596,496	268,770,488	434,589,050	895,690,542	103,177,712	454,634,721
4	121,755,936	216,442,802	344,141,382	615,157,162	61,165,649	330,301,690
5	92,286,504	155,595,413	255,200,651	408,449,899	34,454,518	255,694,400
Thereafter	212,068,830	732,713,441	1,146,939,326	1,053,596,567	165,546,560	902,716,701
Estimated Life of Operating Leased Property	2.74	4.73	6.43	3.04	5.06	4.88
Thereafter (PV in Year 6)	475,910,512	1,230,652,119	2,502,954,427	3,026,229,865	573,258,931	2,372,254,352
Calculated Present Value	984,561,174	2,043,646,455	3,295,591,285	5,512,164,165	801,696,545	3,428,064,782

¹Cap rates are calculated from a study of aircraft values and operating lease payments. Sources of information include company SEC filings and Annual Reports filed with the State of Washington.

*Various types of operating leases were not segregated.

(a) Excludes Delta's payments per contract carrier agreements (lease payments). Include payments accounted for as construction obligations.

(b)Using Nov. 30 10Q ,2011 is remainder.

(c) Excludes operating lease payments for aircraft subleased to ExpressJet and reduced for expected sublease income from other operators that are not operated on Continental's behalf.

IMPLIED PREMIUMS FOR US MARKET

Last updated January 2012

These implied premiums are calculated using the S&P 500.

Year	Earnings Yield	Dividend Yield	S&P 500	Earnings	Dividends	Change in Earnings	Change in Dividends	T.Bill Rate	T.Bond Rate	Bond-Bill	Smoothed Growth	Implied Premium (DDM)	Analyst Growth Estimate	Implied Premium (FCFE)	ERP/Riskfree Rate
1960	5.34%	3.41%	58.11	3.1	1.98			0.0266	2.76%	0.10%	2.45%				
1961	4.71%	2.85%	71.55	3.37	2.04	8.60%	2.91%	2.13%	2.35%	0.22%	2.41%	2.92%		2.92%	1.24
1962	5.81%	3.40%	63.1	3.67	2.15	8.79%	5.21%	2.73%	3.85%	1.12%	4.05%	3.56%		3.56%	0.92
1963	5.51%	3.13%	75.02	4.13	2.35	12.75%	9.45%	3.12%	4.14%	1.02%	4.96%	3.38%		3.38%	0.82
1964	5.62%	3.05%	84.75	4.76	2.58	15.23%	10.08%	3.54%	4.21%	0.67%	5.13%	3.31%		3.31%	0.79
1965	5.73%	3.06%	92.43	5.3	2.83	11.20%	9.42%	3.93%	4.65%	0.72%	5.46%	3.32%		3.32%	0.71
1966	6.74%	3.59%	80.33	5.41	2.88	2.23%	1.96%	4.76%	4.64%	-0.12%	4.19%	3.68%		3.68%	0.79
1967	5.66%	3.09%	96.47	5.46	2.98	0.85%	3.37%	4.21%	5.70%	1.49%	5.25%	3.20%		3.20%	0.56
1968	5.51%	2.93%	103.86	5.72	3.04	4.81%	2.09%	5.21%	6.16%	0.95%	5.32%	3.00%		3.00%	0.49
1969	6.63%	3.52%	92.06	6.1	3.24	6.66%	6.49%	6.58%	7.88%	1.30%	7.55%	3.74%		3.74%	0.47
1970	5.98%	3.46%	92.15	5.51	3.19	-9.72%	-1.61%	6.53%	6.50%	-0.03%	4.78%	3.41%		3.41%	0.52
1971	5.46%	3.10%	102.09	5.57	3.16	1.15%	-0.74%	4.39%	5.89%	1.50%	4.57%	3.09%		3.09%	0.52
1972	5.23%	2.70%	118.05	6.17	3.19	10.76%	0.71%	3.84%	6.41%	2.57%	5.21%	2.72%		2.72%	0.42
1973	8.16%	3.70%	97.55	7.96	3.61	28.93%	13.24%	6.93%	6.90%	-0.03%	8.30%	4.30%		4.30%	0.62
1974	13.64%	5.43%	68.56	9.35	3.72	17.48%	3.14%	8.00%	7.40%	-0.60%	6.42%	5.59%		5.59%	0.76
1975	8.55%	4.14%	90.19	7.71	3.73	-17.54%	0.30%	5.80%	7.76%	1.96%	5.99%	4.13%		4.13%	0.53
1976	9.07%	3.93%	107.46	9.75	4.22	26.39%	13.10%	5.08%	6.81%	1.73%	8.19%	4.55%		4.55%	0.67
1977	11.43%	5.11%	95.1	10.87	4.86	11.53%	15.07%	5.12%	7.78%	2.66%	9.52%	5.92%		5.92%	0.76
1978	12.11%	5.39%	96.11	11.64	5.18	7.07%	6.60%	7.18%	9.15%	1.97%	8.48%	5.72%		5.72%	0.63
1979	13.48%	5.53%	107.94	14.55	5.97	25.01%	15.23%	10.38%	10.33%	-0.05%	11.70%	6.45%		6.45%	0.62
1980	11.04%	4.74%	135.76	14.99	6.44	3.01%	7.81%	11.24%	12.43%	1.19%	11.01%	5.03%		5.03%	0.4
1981	12.39%	5.57%	122.55	15.18	6.83	1.31%	6.08%	14.71%	13.98%	-0.73%	11.42%	5.73%		5.73%	0.41
1982	9.83%	4.93%	140.64	13.82	6.93	-8.95%	1.58%	10.54%	10.47%	-0.07%	7.96%	4.90%		4.90%	0.47
1983	8.06%	4.32%	164.93	13.29	7.12	-3.84%	2.76%	8.80%	11.80%	3.00%	9.09%	4.31%		4.31%	0.37
1984	10.07%	4.68%	167.24	16.84	7.83	26.69%	9.85%	9.85%	11.51%	1.66%	11.02%	5.11%		5.11%	0.44
1985	7.42%	3.88%	211.28	15.68	8.2	-6.91%	4.74%	7.72%	8.99%	1.27%	7.89%	4.03%	6.75%	3.84%	0.43
1986	5.96%	3.38%	242.17	14.43	8.19	-7.93%	-0.15%	6.16%	7.22%	1.06%	5.54%	3.36%	6.96%	3.58%	0.5
1987	6.49%	3.71%	247.08	16.04	9.17	11.10%	11.99%	5.47%	8.86%	3.39%	9.66%	4.18%	8.58%	3.99%	0.45
1988	8.20%	3.68%	277.72	24.12	10.22	50.42%	11.49%	6.35%	9.14%	2.79%	9.76%	4.12%	7.67%	3.77%	0.41
1989	6.80%	3.32%	353.4	24.32	11.73	0.83%	14.80%	8.37%	7.93%	-0.44%	9.58%	3.85%	7.46%	3.51%	0.44
1990	6.58%	3.74%	330.22	22.65	12.35	-6.87%	5.26%	7.81%	8.07%	0.26%	7.39%	3.92%	7.19%	3.89%	0.48
1991	4.58%	3.11%	417.09	19.3	12.97	-14.79%	5.03%	7.00%	6.70%	-0.30%	6.34%	3.27%	7.81%	3.48%	0.52
1992	4.16%	2.90%	435.71	20.87	12.64	8.13%	-2.59%	5.30%	6.68%	1.38%	4.67%	2.83%	9.83%	3.55%	0.53
1993	4.25%	2.72%	466.45	26.9	12.69	28.89%	0.41%	3.50%	5.79%	2.29%	4.73%	2.74%	8.00%	3.17%	0.55
1994	5.89%	2.91%	459.27	31.75	13.36	18.03%	5.34%	5.00%	7.82%	2.82%	7.23%	3.06%	7.17%	3.55%	0.45
1995	5.74%	2.30%	615.93	37.7	14.17	18.74%	6.00%	3.50%	5.57%	2.07%	5.65%	2.44%	6.50%	3.29%	0.59
1996	4.83%	2.01%	740.74	40.63	14.89	7.77%	5.10%	5.00%	6.41%	1.41%	6.13%	2.11%	7.92%	3.20%	0.5
1997	4.08%	1.60%	970.43	44.09	15.52	8.52%	4.25%	5.35%	5.74%	0.39%	5.45%	1.67%	8.00%	2.73%	0.48
1998	3.11%	1.32%	1229.23	44.27	16.2	0.41%	4.37%	4.33%	4.65%	0.32%	4.60%	1.38%	7.20%	2.26%	0.49
1999	3.07%	1.14%	1469.25	51.68	16.71	16.74%	3.16%	5.37%	6.44%	1.07%	5.75%	1.20%	12.50%	2.05%	0.32
2000	3.94%	1.23%	1320.28	56.13	16.27	8.61%	-2.65%	5.73%	5.11%	-0.62%	3.71%	1.65%	12.00%	2.87%	0.56
2001	3.85%	1.37%	1148.09	38.85	15.74	-30.79%	-3.24%	1.80%	5.05%	3.25%	3.56%	1.73%	10.30%	3.62%	0.72
2002	5.23%	1.83%	879.82	46.04	16.08	18.51%	2.15%	1.20%	3.81%	2.61%	3.57%	2.29%	8.00%	4.10%	1.08
2003	4.87%	1.61%	1111.91	54.69	17.88	18.79%	11.19%	1.00%	4.25%	3.25%	5.35%	2.12%	11.00%	3.69%	0.87
2004	5.58%	1.60%	1211.92	67.68	19.407	23.75%	8.54%	2.18%	4.22%	2.04%	4.90%	2.02%	8.50%	3.65%	0.86
2005	5.47%	1.79%	1248.29	76.45	22.38	12.96%	15.32%	4.31%	4.39%	0.08%	6.16%	2.20%	8.00%	4.08%	0.93
2006	6.18%	1.77%	1418.3	87.72	25.05	14.74%	11.93%	4.88%	4.70%	-0.18%	5.93%	1.97%	12.50%	4.16%	0.89
2007	5.62%	1.89%	1468.36	82.54	27.73	-5.91%	10.70%	3.31%	4.02%	0.71%	5.03%	2.06%	5.00%	4.37%	1.09
2008	7.24%	3.11%	903.25	65.39	28.05	-20.78%	1.15%	1.59%	2.21%	0.62%	2.11%	2.06%	4.00%	6.43%	2.91
2009	5.35%	2.00%	1115.1	59.65	22.31	-8.78%	-20.46%	0.14%	3.84%	3.70%	0.28%	2.60%	7.20%	4.36%	1.14
2010	6.65%	1.84%	1257.64	83.66	23.12	40.25%	3.63%	0.13%	3.29%	3.16%	3.33%	2.24%	6.95%	5.20%	1.58
2011	7.72%	2.07%	1257.6	97.05	26.02	16.01%	12.54%	0.03%	1.87%	1.84%	2.74%	2.71%	7.18%	6.04%	3.23

Source: http://pages.stern.nyu.edu/~adamodar/New_Home_Page/